



Department of Homeland Security **OFFICE OF INSPECTOR GENERAL**

SEMIANNUAL REPORT TO THE CONGRESS

April 1, 2007 - September 30, 2007

Statistical Highlights of OIG Activities

April 1, 2007 – September 30, 2007

DOLLAR IMPACT

Questioned Costs	\$32,442,362
Funds Put to Better Use	\$26,251,706
Management Agreement That Funds Be:	
Recovered	\$0
De-obligated	\$0
Funds Recovered	\$6,127,674
Fines and Restitutions	\$4,609,536
Administrative Cost Savings and Investigative Recoveries	\$31,949,196

ACTIVITIES

Management Reports Issued	43
Financial Assistance Grant Audit Reports	6
Investigation Reports Issued	665
Single Audit Reports Processed	30
Defense Contract Audit Agency	70
Investigations Initiated	488
Investigations Closed	685
Open Investigations	1,950
Investigations Referred for Prosecution	119
Investigations Accepted for Prosecution	152
Investigations Declined for Prosecution	42
Arrests	312
Indictments	351
Convictions	272
Personnel Actions	17
Complaints Received (other than Hotline)	3,715
Hotline Complaints Received	956
Complaints Referred (to programs or other agencies)	3,373
Complaints Closed	5,569

Office of Inspector General

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

October 31, 2007

The Honorable Michael Chertoff
Secretary
U.S. Department of Homeland Security
Washington, D.C. 20528

Dear Mr. Secretary:

I am pleased to present our semiannual report, which summarizes the activities and accomplishments of the Department of Homeland Security (DHS) Office of Inspector General for the six-month period ended September 30, 2007.

During this reporting period, our office published 43 management reports, 6 financial assistance grant reports, and 100 reports on DHS programs that were issued by other organizations. As a result of these efforts, \$32,442,362 of questioned costs were identified, of which \$12,156,191 were determined to be unsupported. In addition, we identified \$26,251,706 of funds that could be put to better use. I am most satisfied, however, with the positive response our reports have received from departmental management. Departmental managers have concurred with approximately 91% of our recommendations.

In the investigative area, we closed 685 investigations and issued 665 reports. Our investigations resulted in 312 arrests, 351 indictments, 272 convictions, and 17 personnel actions. Additionally, investigative recoveries, fines, restitutions, and cost savings totaled \$36,558,732.

In closing, I would like to thank all of the hardworking and dedicated professionals in my office. As a result of their efforts, we were able to successfully meet the tremendous challenges that faced our office during the past 6 months.

I also would like to take this opportunity to thank you for the interest and support that you have provided to our office. We look forward to working closely with you, your leadership team, and Congress toward the goal of promoting economy, efficiency, and effectiveness in DHS programs and operations, as well as helping the department accomplish its critical mission in the very challenging months ahead.

A handwritten signature in cursive script that reads "Richard L. Skinner".

Richard L. Skinner
Inspector General

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Working Relationship Principles For Agencies and Offices of Inspector General

The *Inspector General Act* establishes for most agencies an Office of Inspector General (OIG) and sets out its mission, responsibilities, and authority. The Inspector General is under the general supervision of the agency head. The unique nature of the Inspector General function can present a number of challenges for establishing and maintaining effective working relationships. The following working relationship principles provide some guidance for agencies and OIGs.

To work most effectively together, the Agency and its OIG need to clearly define what the two consider to be a productive relationship and then consciously manage toward that goal in an atmosphere of mutual respect.

By providing objective information to promote government management, decision-making, and accountability, the OIG contributes to the Agency's success. The OIG is an agent of positive change, focusing on eliminating waste, fraud, and abuse, and on identifying problems and recommendations for corrective actions by agency leadership. The OIG provides the agency and Congress with objective assessments of opportunities to be more successful. The OIG, although not under the direct supervision of senior agency management, must keep them and the Congress fully and currently informed of significant OIG activities. Given the complexity of management and policy issues, the OIG and the Agency may sometimes disagree on the extent of a problem and the need for and scope of corrective action. However, such disagreements should not cause the relationship between the OIG and the Agency to become unproductive.

To work together most effectively, the OIG and the Agency should strive to:

Foster open communications at all levels. The Agency will promptly respond to the OIG requests for information to facilitate OIG activities and acknowledge challenges that the OIG can help address. Surprises are to be avoided. With very limited exceptions primarily related to investigations, the OIG should keep the Agency advised of its work and its findings on

a timely basis, and strive to provide information helpful to the Agency at the earliest possible stage.

Interact with professionalism and mutual respect. Each party should always act in good faith and presume the same from the other. Both parties share as a common goal—the successful accomplishment of the Agency's mission.

Recognize and respect the mission and priorities of the Agency and the OIG. The Agency should recognize the OIG's independent role in carrying out its mission within the Agency, while recognizing the responsibility of the OIG to report both to the Congress and to the Agency Head. The OIG should work to carry out its functions with a minimum of disruption to the primary work of the Agency. The Agency should allow the OIG timely access to Agency records and other materials.

Be thorough, objective, and fair. The OIG must perform its work thoroughly, objectively, and with consideration to the Agency's point of view. When responding, the Agency will objectively consider differing opinions and means of improving operations. Both sides will recognize successes in addressing management challenges.

Be engaged. The OIG and Agency management will work cooperatively in identifying the most important areas for OIG work, as well as the best means of addressing the results of that work, while maintaining the OIG's statutory independence of operation. In addition, agencies need to recognize that the OIG also will need to carry out work that is self-initiated, congressionally requested, or mandated by law.

Be knowledgeable. The OIG will continually strive to keep abreast of agency programs and operations, and Agency management will be kept informed of OIG activities and concerns being raised in the course of OIG work. Agencies will help ensure that the OIG is kept up to date on current matters and events.

Provide feedback. The Agency and the OIG should implement mechanisms, both formal and informal, to ensure prompt and regular feedback.

Executive Summary

This is the tenth semiannual report to Congress issued by the Department of Homeland Security (DHS) Office of Inspector General since its establishment in January 2003. It is issued pursuant to the provisions of Section 5 of the *Inspector General Act of 1978*, as amended, and covers the period from April 1, 2007, to September 30, 2007. The report is organized to reflect our organization and that of DHS.

During this reporting period, we completed significant audit, inspection, and investigative work to promote the economy, efficiency, effectiveness, and integrity of DHS programs and operations. Specifically, we issued 43 management reports (Appendix 3), 6 financial assistance grant reports (Appendix 4), and 665 investigative reports. We also processed 100 reports on DHS programs: 70 audits issued by the Defense Contract Audit Agency (DCAA) and 30 single audits issued by other organizations according to the *Single Audit Act of 1984*, as amended (Appendix 4). Our reports provide the DHS Secretary and Congress with an objective assessment of the issues, while at the same time providing specific recommendations to correct deficiencies and improve the economy, efficiency, and effectiveness of the respective program.

During this reporting period, our audits resulted in questioned costs of \$32,442,362 of which \$12,156,191 was determined to be unsupported costs. In addition, we identified \$26,251,706 of funds that could be put to better use. We also recovered \$6,127,674 as a result of disallowed costs identified from four prior audits. Our investigations resulted in 312 arrests, 351 indictments, and 272 convictions. Moreover, our investigators closed 685 investigations and 5,569 complaints. Additionally, investigative recoveries, restitutions, fines, and cost savings totaled \$36,558,732.

We have a dual reporting responsibility to Congress as well as to the Secretary. During the reporting period, we continued our active engagement with Congress through extensive meetings, briefings, and dialogues with members and staff of the department's authorizing and appropriations committees and subcommittees on a range of issues relating to our work and that of the DHS. We also testified before Congress on eight occasions during this reporting period. Testimony prepared for these hearings may be accessed through our Website at www.dhs.gov/oig.



Department of Homeland Security Profile



On November 25, 2002, President Bush signed the *Homeland Security Act of 2002* (PL 107-296, as amended), officially establishing the Department of Homeland Security (DHS) with the primary mission of protecting the American homeland. On January 24, 2003, DHS became operational. Formulation of DHS took a major step forward on March 1, 2003, when, according to the President's reorganization plan, 22 agencies and approximately 181,000 employees were transferred to the new department.

DHS' first priority is to protect the Nation against further terrorist attacks. Component agencies analyze threats and intelligence, guard U.S. borders and airports, protect America's critical infrastructure, and coordinate U.S. preparedness for and response to national emergencies.

DHS has been reorganized into the following directorates:

- Management
- National Protection and Programs
- Science and Technology

Other critical components of DHS include:

- Domestic Nuclear Detection Office
- Federal Emergency Management Agency
- Federal Law Enforcement Training Center
- Office of Civil Rights and Civil Liberties
- Office of Health Affairs
- Office of Intelligence and Analysis
- Office of Operations Coordination
- Office of Policy
- Transportation Security Administration
- United States Citizenship and Immigration Services
- United States Coast Guard
- United States Customs and Border Protection
- United States Immigration and Customs Enforcement
- United States Secret Service

Office of Inspector General Profile

The *Homeland Security Act of 2002* provided for the establishment of an Office of Inspector General (OIG) in DHS by amendment to the *Inspector General Act of 1978* (5 USC App. 3, as amended). By this action, Congress and the administration ensured independent and objective audits, inspections, and investigations of the operations of the department.

The Inspector General is appointed by the President, subject to confirmation by the Senate, and reports directly to the Secretary of DHS and to Congress. The *Inspector General Act* ensures the

Inspector General’s independence. This independence enhances our ability to prevent and detect fraud, waste, and abuse as well as to provide objective and credible reports to the Secretary and Congress regarding the economy, efficiency, and effectiveness of DHS’ programs and operations.

We were authorized 545 full-time employees during the reporting period. We are composed of seven functional components and are based in the District of Columbia. We have field offices throughout the country. The following organization chart illustrates our Management Team.

The Homeland Security

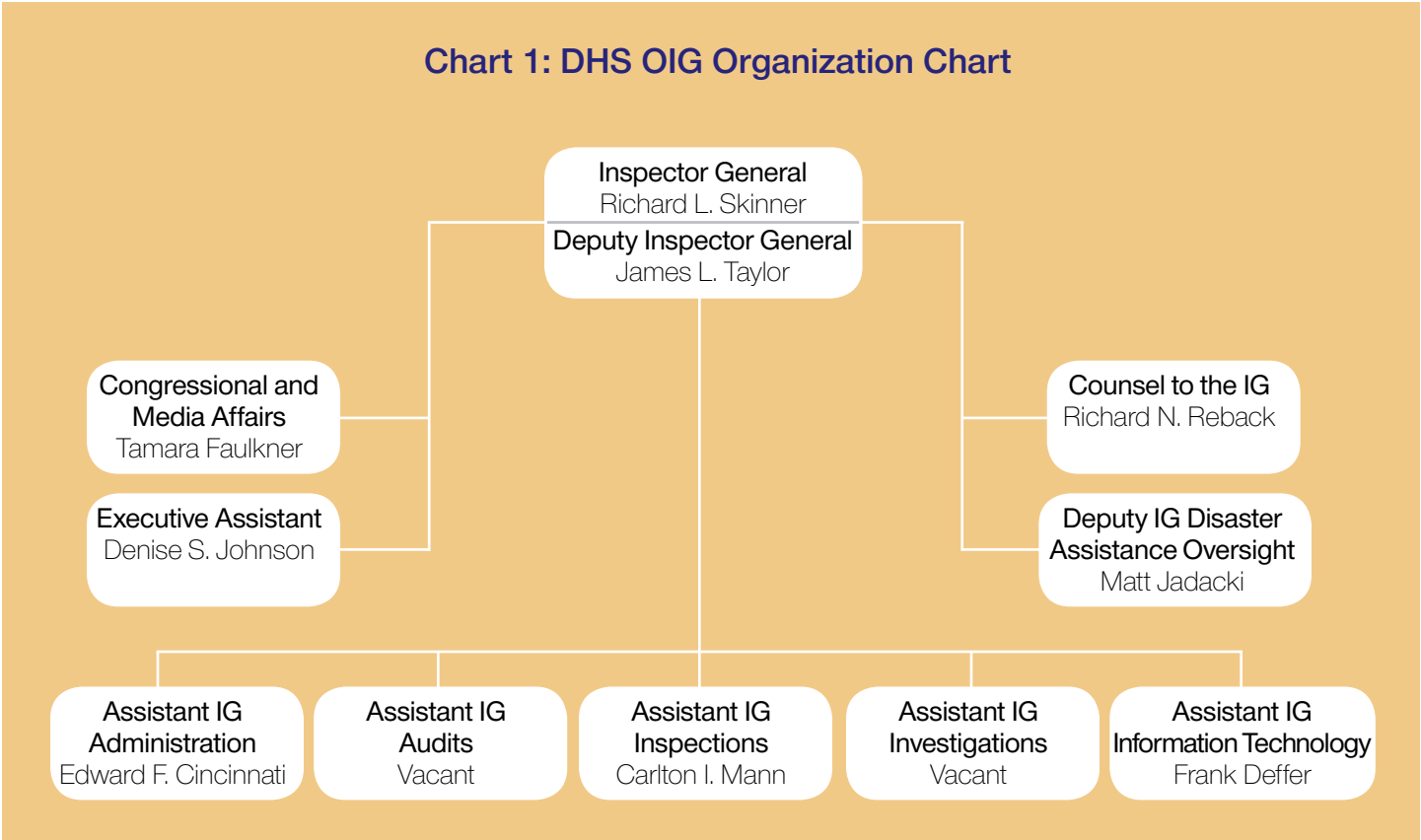
*Act of 2002 provided
for the establishment of
an Office of Inspector*

*General (OIG) in
DHS by amendment*

to the Inspector

General Act of 1978.

Chart 1: DHS OIG Organization Chart



OIG ORGANIZATIONAL STRUCTURE

The OIG consists of the Executive Office and seven functional components:

The Executive Office consists of the Inspector General (IG), the Deputy IG, a congressional liaison and media affairs officer, an executive assistant, and support staff. It provides executive leadership to the OIG.

The Office of Counsel to the Inspector General provides legal advice to the IG and other management officials; supports audits, inspections, and investigations by ensuring that applicable laws and regulations are followed; is the OIG's designated ethics office; manages the OIG's Freedom of Information Act and Privacy Act responsibilities; furnishes attorney services for the issuance and enforcement of OIG subpoenas; and provides legal advice on OIG operations.

The Office of Audits (OA) conducts and coordinates audits and program evaluations of the management and financial operations of DHS. Auditors examine the methods employed by agencies, bureaus, grantees, and contractors in carrying out essential programs or activities. Audits evaluate whether established goals and objectives are achieved and resources are used economically and efficiently; whether intended and realized results are consistent with laws, regulations, and good business practice; and whether financial accountability and the reliability of financial statements are ensured.

The Office of Disaster Assistance Oversight¹ (DAO) is responsible for providing an aggressive and ongoing audit and investigative effort designed to ensure that disaster relief funds are being spent appropriately, while identifying fraud, waste, and abuse as early as possible. The office works to ensure accountability and to prevent problems before they occur. The focus is weighted heavily toward prevention, including reviewing internal controls, and monitoring and advising DHS officials on contracts, grants, and purchase transactions before they are approved. The office also meets with applicants, contractors, and grantees to advise them of the requirements and assess their capability to account for the funds. The office also has temporary employees dedicated to Gulf Coast hurricane recovery operations.

The Office of Inspections (ISP) provides the IG with a means to analyze programs quickly and to evaluate operational efficiency and vulnerability. This work includes special reviews of sensitive issues that arise suddenly and congressional requests for studies that require immediate attention. Inspections may examine any area of the department, plus it is the lead OIG office for reporting on DHS intelligence, international affairs, civil rights and civil liberties, and science and technology. Inspections reports use a variety of study methods and evaluative techniques to develop recommendations for DHS, and the reports are released to DHS, Congress, and the public.

¹ This office's name has been changed to Emergency Management Office (EMO), effective October 1, 2007.

The Office of Information Technology (OIT) conducts audits and evaluations of DHS' information management, cyber infrastructure, and systems integration activities. The office reviews the cost effectiveness of acquisitions, implementation, and management of major systems, and telecommunications networks across DHS. In addition, it evaluates the systems and related architectures of DHS to ensure they are effective, efficient, and implemented according to applicable policies, standards, and procedures. The office also assesses DHS' information security program as mandated by the Federal Information Security Management Act (FISMA). In addition, this office provides technical forensics assistance to OIG offices in support of OIG's fraud prevention and detection program.

The Office of Investigations (INV) conducts investigations into allegations of criminal, civil, and administrative misconduct involving DHS employees, contractors, and grantees. This office

examines specific allegations, reports, or other information indicating possible violations of laws or regulations. Additionally, it monitors the investigative activity of DHS' various internal affairs offices. This office has assigned staff to DAO to work on Gulf Coast hurricane recovery operations.

The Office of Administration provides critical administrative support functions, including OIG strategic planning; development and implementation of administrative directives; the OIG's information and office automation systems; budget formulation and execution; correspondence; printing and distribution of OIG reports; and oversight of the personnel, procurement, travel, and accounting services provided to the OIG on a reimbursable basis by the Bureau of Public Debt. The office also prepares the OIG's annual performance plans and semiannual reports to the Congress.

SUMMARY OF SIGNIFICANT OIG ACTIVITY



DIRECTORATE FOR MANAGEMENT

Management Reports

Department of Homeland Security Executive Transportation and Shuttle Bus Services Contract Review

In May 2006, Representatives of the U.S. House of Representatives Committee on Homeland Security requested that we review the Department of Homeland Security's (DHS') contract awards to Shirlington Limousine and Transportation, Inc. (Shirlington). Specifically, they asked what transportation DHS offered senior personnel, the validity of Shirlington's Historically Underutilized Business Zone (HUBZone) designation, the basis of the April 2004 contract award, and whether Shirlington was a responsible contractor.

The DHS Office of Asset Management (OAM) notified Shirlington approximately two months before it notified the public of DHS' executive transportation and shuttle service requirements and its intention to use a HUBZone solicitation. These actions did not comply with federal regulations and gave Shirlington an unfair advantage over other offerors by reducing competition. Further, the DHS Office of Procurement Operations (OPO) did not comply with federal regulations when it issued a competitive solicitation after the Small Business Administration (SBA) notified DHS that no HUBZone competition existed for Shirlington.

We did not make any recommendations. Since the April 2004 contract award, significant organizational changes within senior management and operations should improve compliance with federal regulations.

(OIG-07-37, March 2007, OA)¹

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-37_Mar07.pdf

Agreed-upon Procedures on Department of Homeland Security 3rd Quarter Intragovernmental Activity and Balances

KPMG, under a contract with the DHS OIG, issued a report on Applying Agreed-upon Procedures to assist the U.S. Department of Treasury in evaluating DHS' assertion that it properly reported intragovernmental activity and balances in the department's "F" Transactions File that was submitted to Treasury's Financial Management Services for June 30, 2007.

The report presents the procedures KPMG performed and the associated results. KPMG noted that DHS has a multiyear work plan for compliance with OMB Circular A-123 to substantially remediate the weaknesses related to intragovernmental balances during Fiscal Year (FY) 2007 and perform A-123 assessment in support of the Secretary's assurance statement during FY 2008. No recommendations were noted as a result of this review.

(OIG-07-78, September 2007, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-78_Sep07.pdf

Evaluation of Department of Homeland Security's Information Security Program for Fiscal Year 2007

DHS continues to improve and strengthen its information security program. During the past year, the department implemented a performance plan to measure components progress toward full compliance with its information security program. The performance plan tracks key elements indicative of a strong, functioning security program. Monthly, the Chief Information Officer (CIO) and Chief Information Security Officer report on and discuss component progress. Despite this oversight, components are again not executing all of the department's policies, procedures, and practices. For example, systems are being accredited without key documents; plans of action and milestones are not being created for all information security weaknesses and are not being monitored and resolved timely; and baseline security configurations are not being implemented for all systems.

*DHS continues to
improve and strengthen
its information
security program.*

¹ Publication of this report occurred after the previous Semiannual Report was finalized.

Our recommendations included the improvement of management oversight of the component's implementation of the department's policies and procedures to ensure the quality of the certification and accreditation process and that all information security weaknesses are tracked and remediated. Other information security program areas that need improvement include security configuration management, incident detection and analysis, and security training. (OIG-07-77, September 2007, OIT)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-77_Sep07.pdf

DIRECTORATE FOR NATIONAL PROTECTION AND PROGRAMS

MANAGEMENT REPORTS

Challenges Remain in Securing the Nation's Cyber Infrastructure

Since our last review in 2004, the National Cyber Security Division has taken actions to further implement The National Strategy to Secure Cyberspace and made progress in meeting its mission. The division established a fully operational incident-handling center; began to implement programs that promote cyber security awareness among the public and private sectors; and planned, coordinated, and conducted cyber exercises with the public and private sectors. However, many of the division's initiatives are not complete and the progress to date has been limited; performance measures to monitor the results and impacts of the division's programs have not been developed; the private sector expressed concerns over the focus of the division's information sharing and communications programs; and all known cyber incidents from across the federal government are not being reported.

Our recommendations included the establishment of priorities to ensure that its mission-critical tasks supporting its programs are completed timely; the development of enhanced performance measures that can be used to evaluate the effective-

tiveness in meeting its mission; the development of information sharing and communications programs with the private sector; and development and implementation of enhanced procedures to ensure that all known cyber incidents from across the federal government are being reported. (OIG-07-48, June 2007, OIT)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-48_Jun07.pdf

DIRECTORATE FOR SCIENCE AND TECHNOLOGY

MANAGEMENT REPORTS

ADVISE Could Support Intelligence Analysis More Effectively

The Analysis, Dissemination, Visualization, Insight, and Semantic Enhancement (ADVISE) program, developed by the Directorate of Science and Technology (S&T), supports DHS' mandate to create and use data mining tools to identify potential terrorist threats. As directed by the Conference Report (House Report No. 109-699) on H.R. 5441, *Department of Homeland Security Appropriations Act of 2007*, we audited the ADVISE program.

Our audit objectives were to determine the effectiveness of (1) strategies, policies, and procedures for conducting data mining to produce actionable intelligence on terrorists; (2) systems and activities using data mining techniques; and (3) communication and coordination with information security partners and the public to help prepare for and counter the potential threats identified.

The ADVISE program did not have a formal business case and did not address privacy impacts and system data needs timely. DHS has discontinued the three ADVISE pilots due to privacy concerns and continuation of the program is in question due to a lack of stakeholder commitment. We recommended that the Under Secretary for S&T develop a process to include business case development for Research and Development efforts, appoint an S&T privacy point

of contact, coordinate a data requirements and access strategy, define system requirements, involve DHS stakeholders in IT acquisition, and conduct an analysis of data mining tools.

(OIG-07-56, June 2007, OIT)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-56_Jun07.pdf

Additional Physical, System, and Management Controls Can Enhance Security at Plum Island

We audited the effectiveness of physical security and logical access controls over DHS systems and data housed at the Plum Island Animal Disease Center. Plum Island's physical and system security controls are integral elements in effectively implementing an Information Technology (IT) security program. Under DHS leadership, effective physical security measures have been implemented at the Plum Island Animal Disease Center. However, the system security issues identified weaken Plum Island's IT security program and should be addressed prior to implementation of a planned Plum Island network. Additionally, compliance with FISMA requirements, govern-

ment IT standards, and industry best practices are important factors in providing security for the information and the information systems that support the Plum Island Animal Disease Center's operations and assets. We made 15 recommendations to further enhance Plum Island's physical and logical access security measures. Our physical security recommendations focused on improving the controls implemented for protecting against unauthorized access to and disclosure of Plum Island Animal Disease Center's sensitive systems and data. Our system security recommendations were aimed at improving Plum Island Animal Disease Center's compliance with DHS and other government IT security policies and procedures.

(OIG-07-43, May 2007, OIT)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIGr_07-43_May07.pdf

FEDERAL EMERGENCY MANAGEMENT AGENCY

MANAGEMENT REPORTS

Federal Emergency Management Agency's Alternative Housing Pilot Program

The Federal Emergency Management Agency (FEMA) followed a competitive process "to identify, develop, and evaluate alternatives to and alternative forms of disaster housing" and reviewed grant proposals in a fair and balanced manner. However, the option chosen to select and fund projects resulted in an inverse funding relationship where the communities hardest hit by the 2005 hurricanes did not receive proportionate shares of the appropriated \$400 million. The State of Mississippi received 72.5 percent of the available funds, a share greater than its proportion of the damages from the 2005 hurricanes. The other Gulf Coast states, which sustained a much larger proportion of the physical damage, received only 27.5 percent of the funds appropriated. No recommendations were made as a result of our work.

(OIG-07-39, April 2007, DAO)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-39_Apr07.pdf



Examples of physical security measures employed at Plum Island Animal Disease Center.

Improvements to Information Sharing Are Needed to Facilitate Law Enforcement Efforts During Disasters

FEMA did not give law enforcement agencies direct access to disaster recovery assistance files to locate missing children, sex offenders, and fugitive felons following Hurricane Katrina.

FEMA did not give law enforcement agencies direct access to disaster recovery assistance files to locate missing children, sex offenders, and fugitive felons following Hurricane Katrina. Instead, FEMA required the Federal Bureau of Investigation (FBI), the New Orleans District Attorney's Office, and state and local law enforcement agencies to follow a time-consuming process, according to the Privacy Act's general law enforcement exception. FEMA took 5 to 12 days, on average, and as many as 35 days, to fulfill law enforcement requests for critical information in support of public safety and security efforts. We recommended that FEMA add specific routine uses to the System of Records Notice that authorizes the disclosure of FEMA files for the purpose of locating registered sex offenders and fugitive felons in the aftermath of a disaster. We also recommended that FEMA develop and execute agreements with the Department of Justice (DOJ) to provide appropriate law enforcement entities direct access to FEMA files for public safety and security efforts.

(OIG-07-60, July 2007, DAO)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-60_Jul07.pdf

Interim Report Hurricane Katrina: A Review of Wind Versus Flood Issues

We could not rule out the possibility that Write-Your-Own companies (WYOs) attributed wind damage to flooding because of complicating factors such as:

- Difficulty in distinguishing between wind and flood damage, especially in cases where only a foundation (slab) is left;
- Language in homeowners' insurance policies that can exclude coverage when flooding occurs concurrent with wind or other causes of damage;
- Adjusters working directly or indirectly for WYOs, thus creating the perception of a conflict of interest; and
- FEMA's limited oversight of the WYOs.

We recommended that FEMA: (1) require WYOs to document and make available to the National Flood Insurance Program (NFIP) the rationale and methodology for calculating flood and wind damage when there is evidence that both perils contributed to damage, and revise the NFIP Claims Adjuster Manual to reflect these requirements; (2) expand the re-inspection process to include a review of and determination that flood and wind damage was settled at a fair and equitable manner to ensure that wind damage was not paid under the flood policy; and (3) provide clear and concise guidance for adjusting total loss claims after catastrophic events when structures are completely destroyed by wind and water. (OIG-07-62, July 2007, DAO)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-62_Jul07.pdf

FEMA Guidance for Monitoring Debris Removal Operations for Hurricane Katrina

FEMA guidance on debris monitoring was contained in several publications, and these publications individually addressed some, but not all, aspects of debris monitoring. The existence of multiple sources, and the failure to have a comprehensive single source, of guidance resulted in fragmented, disjointed, and incomplete overview of FEMA's expectations on debris monitoring operations. Moreover, the roles of various parties and the requirements for contracting for monitoring services were not clearly defined. We recommended that FEMA develop a comprehensive guide for monitoring debris removal operations that: (1) provides an organized and cohesive overview of debris monitoring operations, (2) addresses the roles and responsibilities of FEMA, state, and local monitors; and, (3) clarifies the requirements for contracting for monitoring services, emphasizing the need for competitive contracting and negotiated rates that are commensurate with the nature of services provided. (OIG-07-63, August 2007, DAO)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-63_Aug07.pdf

State Homeland Security Grants Awarded to the American Samoa Government

We determined that the American Samoa Government's (ASG) strategic plans were fundamentally flawed in that they failed to sufficiently identify deficiencies in immediate equipment and training needs and overall capabilities of ASG's first responders. The strategic plans also failed to sufficiently identify ways to solve the homeland security vulnerabilities identified in the plans. In addition, we identified systemic deficiencies in ASG's grants management practices and controls, and questioned more than \$1.7 million in costs claimed against the grants, of which \$151,999 was unsupported. We recommended that Office of Grants and Training (now the Office of Grant Programs within FEMA) review and report on the eligibility of the questionable expenditures and partner with ASG to correct the deficiencies identified in our review.

(OIG-07-42, May 2007, OA)

<http://www.dhs.gov/xoig/assets/mgmttrpts/OIG-07-42.pdf>

Improved Administration Can Enhance Federal Emergency Management Agency Laptop Computer Security

Significant work remains for FEMA to further strengthen the configuration, patch, and inventory management controls necessary to protect its government-issued laptop computers. Specifically, FEMA has not established: (1) effective processes to apply the domain security policy to its laptops that meets required minimum-security settings; (2) effective procedures to patch laptop computers; and (3) adequate laptop computer inventory management procedures. As a result, sensitive information stored and processed on FEMA laptop computers may not be protected properly. Further, because FEMA applies the same domain security policies for its desktop computers, the configuration weaknesses identified with laptop computers are relevant to all government-issued computers assigned within FEMA. Finally, we were unable to evaluate the FISMA 2002 requirements because FEMA had not accounted for its laptop computers as part of a recognized information technology system. Our recommendations

focused on developing a standard configuration, remedying existing vulnerabilities, patching and updating laptop computers, implementing inventory management controls, and complying with FISMA requirements.

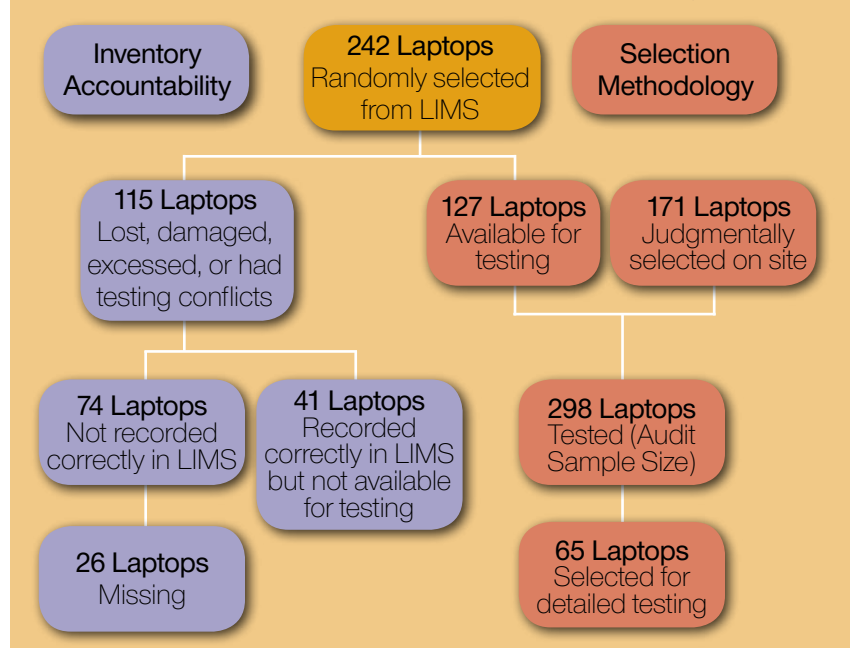
(OIG-07-50, June 2007, OIT)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIGr_07-50_Jun07.pdf



OIG auditors conducting security scans on laptop computers in Fort Lauderdale, Florida

FEMA Laptop Computers Selected for Automated and Manual Testing



The State of New Jersey's Management of State Homeland Security Grants Awarded During Fiscal Years 2002 Through 2004

The State of New Jersey received \$115.3 million in State Homeland Security Grants (known as "first responder" grants) during FYs 2002 through 2004. We determined that the State of New Jersey (1) effectively and efficiently implemented the first responder grant programs, (2) achieved the goals of the programs, and (3) spent funds according to grant requirements.

However, there were areas that needed improvement. Supporting documentation and accounting records were not retained for \$247,199 in federal expenditures. This occurred because the grantee and subgrant recipients had inefficient internal controls over record retention and failed to adhere to recordkeeping and reporting requirements. In addition, the state did not provide 5 of 27 required Categorical Assistance Progress Reports, nor timely submit 12 of 46 required Financial Status Reports. Significant recommendations for corrective actions included requiring the state to: (1) return to DHS amounts related to the unsupported expenditures; (2) evaluate its requirements for subgrant recipients to maintain adequate supporting documentation; (3) and take steps to ensure better internal controls over records and reporting requirements.

(OIG-07-58, July 12, 2007, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-58_Jun07.pdf

GRANT REPORTS

We issued six financial assistance grant reports. The majority of the reports related to presidentially declared disasters. We questioned costs totaling \$13,890,021 of which \$1,045,786 was unsupported. No funds could have been put to better use. An itemized list of these reports, including questioned costs and unsupported costs, is provided in Appendix 4.

We questioned costs

totaling \$13,890,021

of which \$1,045,786

was unsupported.

Hurricane Katrina and Wilma Activities for the City of Miami, Florida

The city of Miami, Florida, received awards of \$12.1 million and \$28.6 million, respectively, under Hurricanes Katrina and Wilma, from the Florida Department of Community Affairs, a FEMA grantee, for emergency protective measures and debris removal activities. Our review identified questioned costs of \$3.8 million—\$408,000 under Hurricane Katrina and \$3.4 million under Hurricane Wilma resulting from excess and non-disaster-related charges, an unapplied credit, and losses covered by insurance. We recommended that the Director of FEMA's Florida Long Term Recovery Office, in conjunction with the grantee, disallow the \$3.8 million in questioned costs.

(DA-07-11, June 2007, DAO)

http://www.dhs.gov/xoig/assets/audittrpts/OIG_DA-07-11_Jun07.pdf

Hurricane Wilma Activities for the City of Pembroke Pines, Florida

The city of Pembroke Pines, Florida, received an award of \$28.1 million from the Florida Department of Community Affairs, a FEMA grantee, for emergency protective measures and debris removal activities resulting from Hurricane Wilma. Our review determined that the city did not always comply with federal procurement standards when contracting for disaster-related services, and costs incurred under the award contained \$3 million of charges that were ineligible for FEMA funding. Additionally, the city did not adequately document the hazardous nature of \$1.4 million in stumps prior to removal. We recommended that the Director of FEMA's Florida Long Term Recovery Office, in conjunction with the grantee: (1) instruct the city, for future declarations, to comply with applicable federal procurement regulations and to adequately document the hazardous nature of stumps prior to removal, and (2) disallow the \$3 million of questioned costs.

(DA-07-12, July 2007, DAO)

http://www.dhs.gov/xoig/assets/audittrpts/OIG_DA-07-12_Jul07.pdf

Hurricane Katrina Debris Removal Activities St. Tammany Parish, Louisiana

We contracted with Foxx & Company to perform a review of ongoing Hurricane Katrina debris removal activities in St. Tammany Parish. The contractor reviewed debris removal and monitoring activities during the period August 29, 2005, through September 30, 2006, including 19 Project Worksheets (PWs) totaling more than \$178 million. Our contractor determined that St. Tammany Parish successfully removed large volumes of debris to restore public health and safety and to ensure economic recovery throughout the Parish. Also, the Parish established an internal audit activity shortly after the hurricane occurred, which resulted in significant adjustments in the billing for debris removal from the Parish. Our review identified some reportable conditions concerning the Parish's management of the debris removal. The conditions included ineffective contractor performance, the amendment of a contract without competition, and noncompliance with Federal project and cash management requirements.

(DD-07-10, August 2007, DAO)

http://www.dhs.gov/xoig/assets/auditrpts/OIG_DD-07-10_Aug07.pdf

Hurricane Katrina Debris Removal Activities, Washington Parish, Louisiana

We contracted with Foxx & Company to perform a review of ongoing Hurricane Katrina debris removal activities in Washington Parish. The contractor reviewed debris removal and monitoring activities during the period August 29, 2005, through September 30, 2006, including 15 PWs totaling more than \$94 million. Our contractor determined that Washington Parish removed large volumes of debris to restore public health and safety to ensure economic recovery throughout the Parish. Our review identified reportable conditions that included unsupported costs claimed for right-of-way debris removal, direct labor hours charged for administrative personnel, unsupported costs for tree stumps, contractual concerns with the monitoring contract, and excess costs for leaners and hangers. Total questioned costs were \$2,098,111, of which \$1,045,786 were unsupported.

(DD-07-11, August 2007, DAO)

http://www.dhs.gov/xoig/assets/auditrpts/OIG_DA-07-11_Jun07.pdf

Federal Emergency Management Agency Public Assistance Grant Funding Awarded to the State of Washington's Department of General Administration After the Nisqually Earthquake

The Department of General Administration, Olympia, Washington, received \$19.3 million in public assistance funding to cover disaster-related repair costs as a result of damages caused by the February 2001 Nisqually earthquake. Our review of the department's expenditures and accounting for this award identified \$4,899,578 in questionable costs relating to: (1) the improper use of the Cost Estimating Format, (2) repairs that were not disaster related, (3) hazard mitigation and renovation work that was not eligible for public assistance funding, (4) excessive improved project charges, (5) ineligible straight time labor costs, (6) unallowable administrative charges, and (7) reimbursements for pre-disaster damage. We recommended that the Regional Administrator, FEMA Region X, in coordination with the State of Washington Emergency Management Division disallow \$4,899,578 in costs claimed by the department.

(DS-07-01, August 2007, DAO)

http://www.dhs.gov/xoig/assets/auditrpts/OIG_DS-07-01_Aug07.pdf

INVESTIGATIONS

During the past six months we completed 284 investigations involving disaster assistance fraud. Sixty-one of these cases had a dollar value totaling more than \$1.6 million. The following is a representative sample of the cases that we closed.

The Federal Emergency Management Agency Establishes Fraud Prevention Unit and Finishes First 6-month Reporting Period

We have continued in our collaborative efforts with the FEMA Fraud Prevention Unit (FPU) located in Orlando, Florida, in the pursuit of investigating FEMA fraud. Our proposal to

FEMA's Florida Long Term Recovery Office after the 2004 hurricane season resulted in the establishment of a fraud prevention component to prevent, deter, and prosecute acts of fraud committed against FEMA. The FPU has given FEMA an opportunity to develop a unique partnership with us to facilitate both criminal and administrative investigations as well as providing FEMA staff and management a resource to forward suspected incidents of fraud. The FPU's semi-annual report ending May 2007 detailed 195 cases in which more than \$3.9 million was prevented from disbursement and nearly half a million dollars were forwarded for recoupment/restitution in partnership with our office.

Ten Charged With Conspiring to File More Than 70 Fraudulent Federal Emergency Management Agency Claims

Our investigation

substantiated that

more than \$7,500,000

was wrongfully

paid to 438 FEMA

assistance recipients.

We conducted an investigation that an inmate received FEMA disaster assistance while incarcerated. The investigation disclosed that the inmate and nine other individuals filed more than 70 fraudulent FEMA claims, resulting in the payment of more than \$90,000. A federal grand jury indicted the conspirators for: False, Fictitious, or Fraudulent Claims; Conversion for Personal Use Public Money, Property, or Records of the United States; and Mail Fraud.

Eight Indicted in a Multi-State Counterfeit Federal Emergency Management Agency Check Ring

We conducted an investigation of a multi-state counterfeit check ring operating out of Tulsa, Oklahoma. The computer-generated checks looked like FEMA checks drawn on New Orleans, Louisiana, banks. Bogus checks have been passed throughout, Kansas, Missouri, Oklahoma, and Texas. Thirteen individuals are suspected of passing approximately 75 counterfeit checks totaling nearly \$64,000 and eight suspects have been indicted thus far. One defendant was arrested in St. Louis while in possession of 60 counterfeit checks.

Four Federal Emergency Management Agency Employees Arrested and Indicted for Theft

We conducted an investigation into four FEMA employees who devised a scheme involving the theft of air conditioning units from a FEMA storage site located in Baton Rouge, Louisiana. On October 4, 2006, the men were arrested after they attempted to sell several of the air conditioning units to a DHS OIG Special Agent who was working undercover. All four subjects were armed with semi-automatic weapons. On May 16, 2007, three of the subjects were sentenced in the U.S. District Court in Baton Rouge, Louisiana, for Theft of Government Property. They were placed on five years probation and given three months home detention.

Federal Emergency Management Agency Overpayments of Housing Allowances

We investigated an allegation that FEMA made wrongful housing rental assistance payments to individuals who were living in FEMA travel trailers or FEMA rented hotel rooms. Our investigation substantiated that more than \$7,500,000 was wrongfully paid to 438 FEMA assistance recipients. FEMA has sent recoupment letters to each of the assistance recipients, and we are overseeing an internal FEMA audit of the housing assistance program.

Several Alabama Residents Responsible for Multiple False Claims

Our investigation resulted in a subject being indicted on 26 counts involving the filing of false claims for Hurricane Katrina disaster assistance, theft of funds intended for victims of Hurricane Katrina, threatening a witness from another Hurricane Katrina case, drug distribution, weapons charges, aggravated identity theft, and lying to federal authorities. A trial was held in March 2007 and the subject was convicted on 22 counts. Sentencing is scheduled for November 2007. The potential loss of this conspiracy was more than \$450,000 with an actual loss of approximately \$60,000 for this particular subject.

This case identified several individuals involved in a conspiracy to defraud FEMA after Hurricane Katrina. The subject was the ringleader of the organization, a Montgomery, Alabama, resident, who filed over a dozen fraudulent claims using addresses in Louisiana. In addition to this subject, seven other people have been indicted for submitting false disaster claims, and investigations involving those subjects are ongoing. This subject assisted these individuals in filing their claims and took a portion of the disaster funds received as a fee.

Multi-Agency Fraud Scheme in Long Beach, Mississippi

A resident of Long Beach, Mississippi, was the focus of a criminal investigation that resulted in the subject being indicted and arrested without incident. The subject was charged with: filing a false claim with FEMA; making false statements to representatives of the Mississippi Development Authority Grant Program, the SBA, and the U.S. Department of Agriculture (USDA); theft of government funds; and wire fraud. The investigation determined that the subject submitted a false FEMA disaster assistance application claiming his primary residence had been severely damaged by Hurricane Katrina, when, in fact, the subject actually resided at another, undamaged Long Beach, Mississippi, home. The subject received approximately \$10,000 from FEMA as a result of his false disaster assistance application. Upon coordination with the other agencies, we learned that the subject also provided SBA, USDA, and Mississippi State official's similar false information in an attempt to obtain money and other benefits from their agencies. The subject entered a guilty plea and is awaiting sentencing.

FEDERAL LAW ENFORCEMENT TRAINING CENTER

MANAGEMENT REPORTS

Independent Auditors' Report on the Federal Law Enforcement Training Center's Fiscal Year 2006 Balance Sheet

KPMG, under a contract with DHS OIG, issued an unqualified opinion on the DHS Federal Law Enforcement Training Center (FLETC). KPMG identified eight reportable conditions with six considered material weakness and instances of non-compliance with the Federal Financial Management Improvement Act (FFMIA) of 1996 and the Prompt Payment Act. Material weaknesses included financial reporting, capital lease liabilities, valuation of inventories, accounts payable, environmental cleanup costs, and construction in progress. Other reportable conditions included deferred revenue and financial systems security. KPMG also reported other matters related to compliance with the Anti-Deficiency Act. KPMG recommended that FLETC: (1) provide immediate and ongoing training; (2) develop and formalize policies and procedures; (3) develop a process that ensures all accounting transactions are recorded according to generally accepted accounting procedures; (4) enforce DHS policy related to background/suitability checks of contractors; (5) finalize IT System Security Awareness and Training; and (6) develop a process to ensure compliance with all provisions of FFMIA. (OIG-07-46, May 2007, OA)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-46_May07.pdf

OFFICE FOR CIVIL RIGHTS AND CIVIL LIBERTIES

We received 70 Civil Rights and Civil Liberties complaints from April 1, 2007, to September 30, 2007. Of those, we opened 1 complaint for investigation and referred the other 69 to the Office of Civil Rights and Civil Liberties with no response required. It should be noted that we sometimes receive complaints from the Office of Civil Rights and Civil Liberties that we have already received from other sources and have already opened as investigations. There was one such complaint during the reporting period.

OFFICE OF HEALTH AFFAIRS

MANAGEMENT REPORTS

Better Management Needed for the National Bio-Surveillance Integration System Program

In 2004, the President directed DHS to consolidate federal agency bio-surveillance data in one system. In response, DHS began efforts to develop the National Bio-Surveillance Integration System (NBIS), the Nation's first system capable of providing comprehensive and integrated bio-surveillance and situational awareness.

DHS has not provided consistent leadership and staff support to the NBIS program. As a result

of the repeated program transitions and staffing shortfalls, planning documentation and guidance have not been finalized, stakeholder communication and coordination activities have been ineffective, and program management of contractors has been lacking.

We recommended that the Assistant Secretary and Chief Medical Officer of the Office of Health Affairs ensure that NBIS program management: (1) apply adequate resources to support program management activities; (2) develop a program plan, concept of operations, and communications plan; and (3) perform an information needs assessment.

(OIG-07-61, June 2007, OIT)

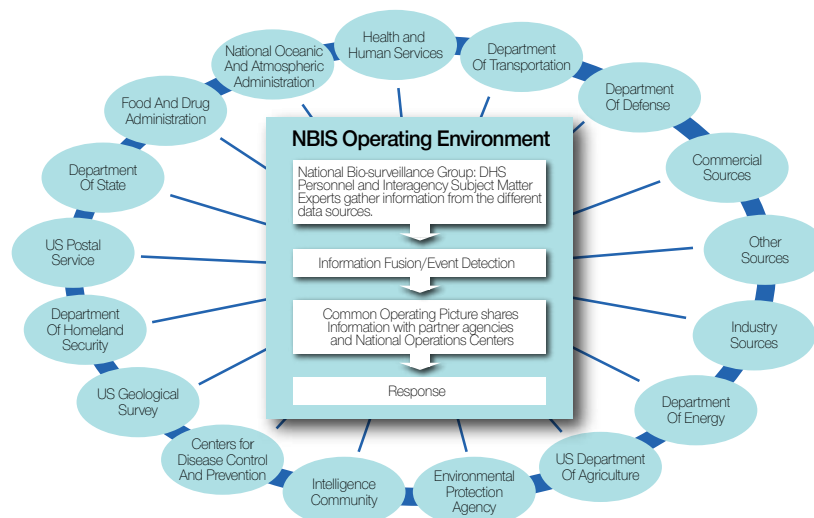
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-61_Jul07.pdf

OFFICE OF INTELLIGENCE AND ANALYSIS

MANAGEMENT REPORTS

Evaluation of the Department of Homeland Security's Security Program and Practices for Its Intelligence Systems for Fiscal Year 2007

We conducted an evaluation of the enterprise-wide security program and practices for the Top Secret/Sensitive Compartmented Information (TS/SCI) system under DHS' purview. In accordance with FISMA 2002 requirements, our



review focused on the department's security management, implementation, and evaluations aspects of its intelligence activities, including the policies, procedures, and system security controls in place for its enterprise-wide intelligence system. (OIG-07-75, September 2007, OIT)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIGr_07-75_Sep07.pdf

TRANSPORTATION SECURITY ADMINISTRATION

MANAGEMENT REPORTS

Transportation Security Administration's Management of Its Federal Employees' Compensation Act Program

Despite improvements in timeliness and a reduction in the number of new claims filed by injured workers, the Transportation Security Administration (TSA) is not aggressively and effectively managing long-term Federal Employees' Compensation Act (FECA) cases in order to return work-capable employees to work as soon as medically possible. In addition, the agency does not have a process to validate its workers' compensation chargeback reports, putting the agency at risk of improperly paying compensation and medical costs. As a result, TSA may be paying benefits to individuals who are not entitled to them, may not be returning injured employees back to work in the most expeditious timeframe possible, and may be at risk for significant workers' compensation-related fraud and abuse.

We made 12 recommendations to the Assistant Secretary of TSA to strengthen the controls over its FECA Program. Recommendations included a re-evaluation of long-term cases, more guidance and training for staff, and a centralized tracking system for FECA cases. (OIG-07-45, May 2007, OA)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-45_May07.pdf

Transportation Security Administration's Oversight of Passenger Aircraft Cargo Security Faces Significant Challenges (Redacted)

TSA relies on inspections carried out by Aviation Security Inspectors as an integral part of a multi-layered approach to ensure air carrier compliance with cargo security regulations. We concluded that TSA's inspection process may not accurately represent the extent to which air carriers comply with cargo screening requirements. The current level of oversight does not provide assurance that air carriers are meeting congressionally mandated goals of tripling the amount of cargo screened for passenger aircraft and that air carriers are properly applying exemption rules for cargo screening. Consequently, the process increases the opportunities for the carriage of explosives, incendiaries, and other dangerous devices on passenger aircraft.

We made a series of recommendations to the Assistant Secretary of TSA to establish a system of cargo screening oversight and improve the agency's Performance and Results Information System. (OIG-07-57, July 2007, OA)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIGr_07-57_Jul07.pdf

A Followup Review of the Transportation Security Officer Background Check Process

In January 2004, we reported on the efficiency of the background check process for TSA's Transportation Security Officers (TSOs). This followup review reported that TSA's background check process has improved, but some important challenges remain. TSOs undergo a background investigation with employment standards exceeding most national security positions. However, implementation of the background checks is inefficient in some respects. TSA has not implemented all necessary steps that would improve security and reduce costs. We recommended that TSA: (1) create new employment forms to reflect better the standards used to judge an officer's suitability; (2) complete a risk designation for the TSO position; (3) select the particular background check based on the risk designation; (4) change the adjudication process to expedite determinations of employment ineligibility; and (5) develop internal

The Transportation

Security

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Federal Employees'

Compensation Act

(FECA) cases.

TSA's background

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challenges remain.

auditing in accordance with statutory language. (OIG-07-67, August 2007, ISP)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-67_Aug07.pdf

Transportation Security Administration's Management of Aviation Security Activities at the Jackson-Evers International Airport

The Chairman of the House Committee on Homeland Security requested that we review allegations that TSA employees at Jackson-Evers International Airport improperly compromised the integrity of TSA security inspections, that TSA supervisors allowed potentially dangerous passengers to board commercial aircraft, and that TSA managers at Jackson-Evers International Airport ignored safety procedures in order to protect their jobs and appease commercial airlines flying out of Jackson. Because we expanded the scope of our review from the Chairman's original request to include other airports, our review is currently ongoing. We have already developed findings concerning aviation security activities at Jackson-Evers International Airport. On February 12, 2004, TSA employees at the Jackson-Evers International Airport provided advance notice to other TSA employees at the airport regarding covert testing. We have also identified opportunities to enhance and strengthen the procedures of the Law Enforcement Officers Flying Armed program. Our findings and recommendations will be discussed in greater detail in the final report.

(OIG-07-73, August 2007, ISP)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-73_Aug07.pdf

Implementation of Aviation Security Requirements at Foreign Airports

We conducted this review in response to congressional concerns regarding the security of international flights to the United States. TSA has relied on strengthened U.S. and international civil aviation security requirements and processes and has continued to manage active foreign airport assessment and aircraft operator inspection programs. In addition, TSA has security specialists assigned to overseas locations to serve as the principal

representatives of TSA in all matters relating to transportation security in their designated areas of responsibility.

We concluded that the foreign airports we visited and the aircraft operators that use them comply with applicable U.S. and international civil aviation regulations and requirements. However, we made three recommendations to improve aviation security at foreign airports. TSA concurred with each of our recommendations and has taken or is continuing to take action to implement them.

(OIG-07-64, August 2007, OA)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-64_Aug07.pdf

INVESTIGATIONS

Two Transportation Security Officers Convicted for the Theft of \$10,000 From an Airline Passenger

We received information that \$10,000 was stolen from the checked luggage of a Los Angeles International Airport passenger. We obtained the videotapes of the incident and interviewed a TSO, who confessed to the theft and implicated another TSO. The second TSO, already incarcerated on an unrelated weapons violation charge, also confessed to the theft. Both subjects pleaded no contest to the crime. The first TSO was sentenced to 30 days incarceration, 3 years probation, and 30 days of community service. The second TSO received 16 months in state prison.

A Transportation Security Officer Resigns After Admitting to Providing False Information

We opened an investigation after receiving information from the FBI that a possible TSA TSO was suspected of committing identity theft. Our investigation determined that the TSO had an extensive criminal history including two arrests using two alias names for a narcotics violation and an assault with intent to murder. We determined that the TSO spent two years in prison for the narcotics charge and was on parole when hired as a TSO. When we interviewed the TSO, he admitted to lying on his employment application

and background examination, and subsequently resigned. Criminal charges are pending for Making False Statements.

UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES

INVESTIGATIONS

U.S. Citizenship and Immigration Services, District Adjudications Officer Indicted on Bankruptcy Fraud and Perjury

The FBI contacted us to report that during the course of an investigation, they discovered an U.S. Citizenship and Immigration Services (USCIS) Adjudications Officer's (AO's) name on an account in a Las Vegas casino. A review of the casino account indicated that several individuals had made deposits into this account and the AO had made withdrawals. Our investigation revealed that the AO was allowing acquaintances to use the casino account as a slush fund for gambling. Our investigation further revealed that the AO filed for bankruptcy and had perjured himself before the bankruptcy judge. Specifically, the AO provided false information in regard to the name of an individual who had been using his credit card to incur a debt of approximately \$250,000. As a result of our investigation, the AO was indicted for Bankruptcy Fraud and Perjury.

A Private Citizen Is Arrested for Immigration Fraud

We received information that a private citizen had solicited a former State Department official to assist in a scheme that would permit aliens to enter into the United States illegally. We conducted an undercover operation and received two \$1,000 cash bribery payments. The subject, a naturalized U.S. citizen, was arrested and charged with Bribery of a Public Official; Alien Smuggling; and Visa Fraud.

Two U.S. Citizenship and Immigration Services Contract Employees Arrested and Charged With Theft

We opened a joint investigation with the U.S. Postal Inspection Service after receiving an allegation that money orders, which had been mailed as payments to USCIS, had been stolen from the USCIS deposit lockbox in Chicago, Illinois. Our investigation determined that approximately \$7,000 in money orders were stolen and fraudulently negotiated by two USCIS contract employees assigned to process immigration documents. Both contract employees were arrested and have been charged with violation of Illinois State Statute 720 ILCS 5/16-1, Theft.

UNITED STATES COAST GUARD

MANAGEMENT REPORTS

Independent Review of the U.S. Coast Guard's Reporting of Fiscal Year 2006 Drug Control Funds

We reviewed management's assertions in section B of the accompanying U.S. Coast Guard's (USCG) annual report of FY 2006 drug control funds in accordance to attestation standards established by the American Institute of Certified Public Accountants. Additionally, we examined USCG's procedures related to reprogrammings and transfers at the request of Office of National Drug Control Policy (ONDCP). We determined that USCG had developed a formal process for handling reprogrammings and transfers affecting drug funds as they occur, and to alert management when the \$5 million threshold is reached so that the necessary approvals can be obtained from ONDCP. Based on the information provided by USCG, reprogrammings did not meet the \$5 million threshold in FY 2006. We also reviewed USCG's compliance with Fund Control Notices and noted that a manual process exists. This process calculates the total drug obligations from the beginning of the FY to the date of approval

of the financial plan by ONDCP and compares that with one-third of the total drug requests for the year to determine whether obligations were greater or less than the request. USCG was in compliance with Fund Control Notice for FY 2006.

(OIG-07-70, August 2007, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-70_Aug07.pdf

UNITED STATES CUSTOMS AND BORDER PROTECTION

MANAGEMENT REPORTS

CBP is not consistently monitoring entry data

for all shipments,

resulting in some high-

risk containers being

allowed to leave ports

without examination.

Independent Review of U.S. Customs and Border Protection's Reporting of Fiscal Year 2006 Drug Control Funds

We reviewed management's assertions in section B of the accompanying U.S. Customs and Border Protection's (CBP) annual report of FY 2006 drug control funds in accordance to attestation standards established by the American Institute of Certified Public Accountants. Additionally, we examined CBP procedures related to reprogrammings and transfers at the request of ONDCP. We noted that no formal mechanisms or procedures were in place to track reprogrammings and transfers affecting drug funds as they occur, or to alert management when the \$5 million threshold is reached so that the necessary approvals can be obtained from ONDCP. We recommended CBP document the procedures used to track reprogrammings and transfers, and to monitor compliance regarding drug obligations with ONDCP Fund Control Notices.

(OIG-07-69, August 2007, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-69_Aug07.pdf

CBP Export Control Activities

This was the eighth and final review in a series of interagency OIG audits required by Congress. Our audit concluded CBP does not devote sufficient resources to the function, does not have the information necessary to effectively monitor the program, and does not have performance mea-

asures to evaluate program results. The agency has reallocated resources devoted to export targeting and inspection since September 11, 2001. As a result, shipments could be exported that violate export laws and regulations.

We recommended that: (1) systems and regulations be modified to require advance electronic cargo information prior to export to enable CBP to screen all shipments; (2) CBP collect and regularly report information necessary for its Headquarters and field offices to exercise sufficient oversight of the outbound program; and (3) performance measures indicating compliance with U. S. export laws and regulations be reported.

(OIG-07-76, September 2007, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIGr_07-76_Sep07.pdf

Targeting Oceangoing Cargo Containers 2007

This report is the review of the Automated Targeting System used by CBP for sea containers, in response to the Coast Guard and Maritime Transportation Act of 2004 congressional mandate.

CBP is not consistently monitoring entry data for all shipments, resulting in some high-risk containers being allowed to leave ports without examination. Also, CBP has not mandated or actively monitored the implementation of corrective actions by ports in response to our previous recommendations. Furthermore, flaws in the Cargo Enforcement Reporting and Tracking System may result in improper container releases, and CBP still has not automated its integration of examination findings into the Automated Targeting System.

We recommended that the Commissioner of CBP: (1) develop a mechanism that will prevent releasing high-risk shipments from its custody without review and examination; (2) strengthen procedures at the ports to prevent containers from leaving ports without undergoing required inspections; and (3) develop systematic procedures to extract oceangoing container examination results information and begin using it to refine existing targeting rules and developing new rules. Subse-

quent to the end of fieldwork, CBP took actions to improve procedures for ensuring that high-risk containers are examined.

(OIG-07-72, September 2007, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-72_Aug07.pdf

Automated Commercial Environment Release 4 Post-Deployment Problems

CBP is developing a new cargo processing system to modernize the targeting, inspection, enforcement, border security, revenue collection, and trade statistics processes for all cargo entering and leaving the United States. The Automated Commercial Environment (ACE) Release 4, e-Manifest: Trucks (ACE Release 4) provides an electronic truck manifest, a primary officer interface (the screens CBP officers use), and expedited importation processing.

Generally, problems referred to the ACE help desk, the principal method used by CBP to detect and resolve problems with ACE at the land border ports, were effectively resolved. However, CBP did not detect and resolve some operational problems that occurred at the ports and did not provide adequate communication and guidance to the ports. We recommended that CBP develop procedures to timely monitor post-deployment operations and communicate ACE problems, operational fixes, and system changes to CBP Officers at the ports.

(OIG-07-54, June 2007, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-54_Jun07.pdf

INVESTIGATIONS

Mexican Police Officials Found Guilty of Bribery and Misprision of a Felony

A U.S. Border Patrol Agent (BPA), who was working in an official capacity, traveled to Mexico to meet with the Chief of Police of a Mexican city. At the meeting, the Mexican Police Chief offered bribe money if the BPA would allow for shipments of marijuana to cross the border. The BPA reported the attempted bribe to us, and we

instructed the BPA to appear interested in accepting the bribe money. We recorded the Chief offering the BPA a \$100,000 down payment and an additional \$25,000 per vehicle, to allow truckloads of marijuana to cross the border unmolested. The Chief along with another Mexican police official met with the BPA and gave the BPA a shopping bag filled with \$80,020 in \$20 bills, at which point we arrested the Chief and the other official. Both officials were indicted on five counts of bribery and conspiracy to distribute marijuana. The Mexican police official pled guilty to misprision of a felony, was sentenced to 1-year time served, and was deported. A few months later, the Chief pled guilty to one count of bribery. He will be sentenced on October 17, 2007, to between 5 and 9 years in federal prison.

U.S. Border Patrol Agent Arrested for Attempted Lewd Act Upon a Child, Enters Guilty Plea on Federal Charges

We conducted a joint investigation with state and federal agencies that resulted in the arrest of a BPA on charges that he attempted lewd acts with a minor. After accepting a plea bargain, the BPA pled guilty to possession of child pornography. The state-level prosecution for Attempted Lewd Act Upon a Child is still pending.

U.S. Customs and Border Protection Officer Charged With Importation of a Controlled Substance

We conducted an investigation into an allegation that a Blaine, Washington, Point of Entry U.S. Customs and Border Protection Officer (CBPO) was involved with importing marijuana. The investigation revealed that the CBPO had accepted currency and sexual favors in return for being influenced in the performance of his official duties and failed to prevent the introduction of contraband into the United States, and aided and abetted in the importation of 100 or more kilograms of marijuana. On October 24, 2006, the officer was indicted for Importation of a Controlled Substance and Bribery of a Public Official. On November 22, 2006, the CBPO was terminated.

U.S. Customs and Border Protection Post-Academy Field Training Program

We conducted an investigation that showed that over an 8-month period, approximately 75 post-academy trainees who were assigned to a particular single station for post-academy training were subjected to unfair, hazardous, and arbitrary training methods that resulted in the compelled resignation of six trainees, while a seventh was permanently disabled during an unapproved full contact training drill. We estimated that the cost to hire, train, and equip these seven agents amounted to approximately \$1,314,208. We provided agency officials with a report that stressed the importance of an agency-wide uniform field training program that ensured all trainees were treated in an environment that promoted professionalism, respect, and diversity while conforming to nationally accepted training standards. The agency responded to our report by removing the culpable training officers and revising the field training manual to reinforce training officer professionalism while requiring that scenario-based training be conducted in a safe and consistent manner.

U.S. Customs and Border Protection Officer Misused TECS Information to Aid Fugitive Son

We received a request for assistance from the U.S. Marshals Service, District of Vermont, in apprehending a fugitive, who was the son of a CBPO. Our examination of government database access records revealed that the CBPO had conducted unauthorized queries on his son for arrest warrants and for information about the vehicle his son drove. When interviewed by our agents and Deputy U.S. Marshals, the CBPO admitted that he had conducted the queries and was directed to cease such unauthorized activity. After the interview, additional database monitoring revealed that the CBPO continued to make queries and had further assisted his son by having new license plates and a registration issued for his son's vehicle. Federal prosecution of the CBPO for Concealing a Person from Arrest and Misuse of a Government Computer was declined in favor of administrative action by CBP. After the Report of Investigation was completed in this case, the fugitive son was arrested at the residence of

the CBPO. Subsequent interview of the CBPO determined the he was out of state at the time of the son's arrest and unaware the son had returned.

U.S. Border Patrol Agent Found Guilty of Drug Trafficking and Possession of a Firearm in Furtherance of a Drug Trafficking Offense

While on duty in U.S. Border Patrol uniform and driving a marked vehicle, a BPA arrived to assist a traffic stop of a pickup truck by local police. The pickup truck was loaded with bales of marijuana and the occupants had fled on foot. While the local police officer pursued the vehicle's occupants, the BPA remained to guard the drugs. When alone, the BPA positioned his patrol vehicle near the pickup trunk and placed one bale of marijuana in the trunk. The BPA then arranged the remaining bales in the pickup to fill in the void left by the removed bale. A dash-mounted camera in the local police car captured his actions. The BPA did not turn in the bale for disposal, and it was never recovered. The BPA was found guilty in U.S. District Court of Possession with Intent to Distribute Marijuana and possession of a firearm in furtherance of a Drug Trafficking Offense, for which he received 30 and 60 months imprisonment respectively, to be served consecutively, and was fined \$30,000.

Supervisory U.S. Border Patrol Officer Found Guilty of making False Statements

A Supervisory U.S. Border Patrol Agent (SBPA), along with his fiancée, devised a scheme to defraud the government. They created a fictitious property management company and sublet rooms to detailed BPAs. While on detail himself, the SBPA submitted vouchers and received reimbursements for the maximum amount allowed for lodging. The SBPA submitted several fraudulent receipts for inflated lodging amounts, while he lived with his fiancée. The U.S. Attorney authorized prosecution on five felony counts, to wit: Conspiracy to Defraud the Government with Respect to Claims; Fictitious or Fraudulent Claims; and Wire Fraud. After a plea agreement, the SBPA appeared in court and pled guilty to a different charge. Charges on the fiancée were

dropped. The SBPA was sentenced to 36 months probation and restitution of \$2,358.

U.S. Customs and Border Protection Officer Accepted Bribes to Allow Illegal Aliens To Be Smuggled Into the United States

Our investigation revealed that a CBPO at a port of entry between Mexico and the United States established a personal relationship with a female Mexican citizen whom he met while performing his official duties. The CBPO established a romantic relationship with the Mexican citizen and later discovered that she was a smuggler of illegal aliens. The CBPO used his official position to help her smuggle illegal aliens into the United States. The smuggler gave the CBPO cash and other items of value in exchange for his assistance. The CBPO, the female smuggler, and six other members of the smuggling organization were convicted for Bringing in Aliens for Financial Gain, Aiding and Abetting, and Bribery by a Public Official.

A U.S. Border Patrol Agent Conspired to Smuggle 100 or More Illegal Aliens Into the United States for Financial Gain

Our investigation revealed that a BPA working along the southwest border between the United States and Mexico conspired with alien smugglers to smuggle illegal aliens while he was on duty in his official government vehicle. The BPA received cash payments in return for the illicit services. The BPA was convicted for Conspiracy to Bring in Illegal Aliens.

UNITED STATES IMMIGRATION AND CUSTOMS ENFORCEMENT

MANAGEMENT REPORTS

Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of Fiscal Year 2006 Drug Control Funds

We reviewed management's assertions in section B of the accompanying U.S. Immigration and

Customs Enforcement's (ICE) annual report of FY 2006 drug control funds in accordance to attestation standards established by the American Institute of Certified Public Accountants. Additionally, we examined the ICE's procedures related to reprogrammings and transfers at the request of ONDCP. We noted that no formal mechanisms or procedures were in place to track reprogrammings and transfers affecting drug funds as they occur, or to alert management when the \$5 million threshold is reached so that the necessary approvals can be obtained from ONDCP. The agency has a manual procedure, however, this has not been formally documented. We also reviewed the agency's compliance with fund control notices and noted that a manual process exists; nevertheless this has not been formally documented. We recommend that ICE formally document the policies and procedures used to track reprogrammings and transfers, and to monitor compliance regarding drug obligations with ONDCP fund control notices.

(OIG-07-71, August 2007, OA)

http://www.dhs.gov/xoig/assets/mgmtmrpts/OIG_07-71_Aug07.pdf

Coordination Between the Federal Bureau of Investigation and Immigration and Customs Enforcement on Investigations of Terrorist Financing

We initiated this review jointly with the DOJ OIG at the request of the former Chairman of the Senate Finance Committee to examine the effectiveness of a memorandum of agreement between the DHS and DOJ to coordinate terrorist financing investigations.

We could not substantiate concerns regarding the cooperation between ICE and the FBI-led Joint Terrorism Task Forces (JTTFs) for terrorist financing investigations. Of the more than 7,274 ICE cases and leads, only 11 were transferred from ICE to a JTTF under the memorandum. Most cases progressed with no or few problems in coordination or cooperation. In addition, the JTTFs fully employed the expertise and experience of the ICE agents who were detailed there to continue investigating the transferred cases. We did not recommend modifications to the memo-

random of agreement. Nonetheless, we identified shortcomings with the implementation and management of the memorandum by ICE and the FBI. Therefore, we made four recommendations to ICE and the FBI to improve cooperation and coordination.

(OIG-07-55, July 2007, ISP)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-55_Jul07.pdf

MULTIPLE COMPONENTS

MANAGEMENT REPORTS

Technical Security Evaluation of Department of Homeland Security Activities at Ronald Reagan Washington National Airport

We evaluated DHS and its organizational components' security programs at Ronald Reagan Washington National Airport. Specifically, we addressed how CBP, TSA, and USCG had implemented computer security operational, technical, and managerial controls for their information technology assets at this site. We verified and validated controls, evaluated technical security controls implemented on their servers, and reviewed applicable DHS policies, procedures, and other appropriate documentation. We briefed the DHS Chief Information Security Officer and the DHS components on the results of our evaluation. We also made 13 recommendations to improve information technology security at the airport. The components concurred with our recommendations and are addressing the findings. (OIG-07-44, May 2007, OIT)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-44_May07.pdf

Management Letter for the Fiscal Year 2006 Department of Homeland Security Financial Statement Audit

KPMG, under a contract with DHS OIG, was unable to express an opinion on the department's balance sheet and statement of custodial activity for the year ended September 30, 2006. The disclaimer of opinion was due primarily to financial reporting problems at four bureaus and at the

department level. KPMG also looked at DHS' internal control over financial reporting. KPMG noted certain matters involving internal control and other operational matters that resulted in a total of 79 financial management comments at 12 components and one comment related to the consolidation financial statements. The comments are in addition to the reportable conditions presented in the Independent Auditors' Report on DHS' FY 2006 Financial Statement.

(OIG-07-74, September 2007, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-74_Sep07.pdf

Information Technology Management Letter for the Fiscal Year 2006 Department of Homeland Security Financial Statement Audit

We contracted the independent public accounting firm of KPMG to perform the audit of DHS' FY 2006 Financial Statements. As a part of this review, KPMG noted certain matters involving internal control and other operational matters with respect to IT and have documented their comments and recommendations in this IT management letter. The overall objective of the audit was to evaluate the effectiveness of IT general controls over DHS' financial processing environment and related IT infrastructure. KPMG noted that a few DHS components took actions to improve their IT general and application control environments and to address prior year IT control issues. A number of DHS components did not make necessary improvements during the year. Although DHS closed approximately 44 percent of KPMG's prior year findings, KPMG identified more than 150 new IT findings for a total of more than 200 findings for FY 2006. Recommendations included in the report are that the DHS CIO and Chief Financial Officer: (1) need to enforce password controls to meet DHS' password requirements on all key financial systems; (2) conduct periodic vulnerability assessments; and (3) enforce the consistent implementation of security programs, policies, and procedures including incident response capability and IT security awareness and training.

(OIG-07-53, August 2007, OIT)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIGr_07-53_Aug07.pdf

Department of Homeland Security's Progress In Addressing Coordination Challenges Between Customs and Border Protection and Immigration and Customs Enforcement

In our November 2005 report, *An Assessment of the Proposal to Merge Customs and Border Protection with Immigration and Customs Enforcement*, OIG-06-04, we addressed several coordination challenges confronting CBP and ICE and made 14 recommendations to improve coordination and enhance interoperability at the field level. Since then, DHS has made significant progress. DHS made organizational changes within the department, including creating the Offices of Policy, Operations Coordination, and Intelligence and Analysis. Senior officials of CBP and ICE created the ICE-CBP Coordination Council to provide a forum to address CBP and ICE policy and operational coordination issues. Both CBP and ICE have made progress in defining respective roles and responsibilities and how personnel of each organization are to work together. However, additional work is necessary to further strengthen communication and coordination between CBP and ICE headquarters elements and all levels of field personnel. Our report included recommendations to: (1) improve intelligence and information sharing, (2) strengthen performance measures, and (3) address ongoing relational issues among some elements of CBP and ICE. (OIG-07-38, April 2007, ISP) http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-38_Apr07.pdf

CBP and ICE Responses to Recent Incidents of Chinese Human Smuggling in Maritime Cargo Containers

Members of the U.S. Senate's Committee on Homeland Security and Governmental Affairs and House of Representatives' Committee on Homeland Security and Committee on Energy and Commerce requested that we review three incidents of Chinese human smuggling in maritime cargo containers to determine what lessons CBP and ICE learned from the incidents and what changes, if any, they made as a result of them. In particular, we examined the effects of the incidents on CBP's Customs-Trade Partner-

ship Against Terrorism (C-TPAT), Container Security Initiative (CSI), and U.S. targeting and enforcement procedures, as well as the ICE investigations of the incidents.

After the three incidents, CBP modified operations to improve detection of Chinese human smuggling in containers. Likewise, ICE incorporated lessons learned to improve its investigations of these incidents. We made three recommendations to CBP and ICE to: (1) raise the awareness of other Pacific coast ports to their vulnerability for incidents of maritime Chinese human smuggling; (2) request Pacific coast ports to alert their partners to the threat of Chinese stowaways; and (3) establish formal protocols to guide the department's response to stowaway incidents. (OIG-07-40, April 2007, ISP) http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-40_Apr07.pdf

CBP modified operations to improve detection of Chinese human smuggling in containers.



Stacked containers used in smuggling incident.



View of opened container used in smuggling incident.



A pacific port cargo facility.

Survey of Department of Homeland Security Intelligence Collection and Dissemination

We surveyed the operational components of the DHS Intelligence Enterprise to determine their respective missions, roles, responsibilities, and information sharing capabilities. Our specific focus was on the program and organizational components that produce raw information, intelligence-related information, or finished intelligence products.

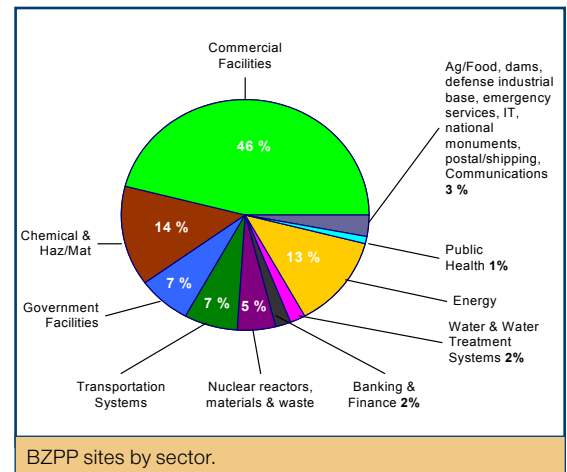
The DHS implementation plan to integrate and coordinate operations among its many disparate intelligence components was primarily directed toward improving coordination between department level headquarters, with little emphasis on field intelligence operations. In addition, DHS components own or use more than 20 database systems to execute their homeland security intelligence roles, but no DHS component has access to all the databases. Many components do not have access to the databases they need to execute their missions. This report is intended to serve as reference for DHS management to assist efforts to improve and integrate DHS intelligence operations, and therefore it did not include recommendations.

(OIG-07-49, June 2007, ISP)

http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_07-49_Jun07.pdf

Buffer Zone Protection Program

The Buffer Zone Protection Program (BZPP) is jointly managed by the National Protection and Programs Directorate and the National Preparedness Office under FEMA. The BZPP was designed to focus terrorism detection and prevention efforts at high-priority critical infrastructure facilities and key resources sites throughout the United States. Modifications in the program, delays and administrative challenges stemming from the multiple agencies involved, the relative complexity of the grant application process, and the co-management of the program within DHS slowed the approval of grant applications and the delivery of equipment to local jurisdictions.



Aerial view of BZPP site.

Program managers have taken steps to strengthen the BZPP and have addressed issues that inhibited the program including: the type and number of sites to participate; the amount of money to be allotted per site; the method used to assess site vulnerability; the allowable equipment; and the grant requirements. These adjustments will help the program achieve its intended results. We recommended that DHS: (1) strengthen the BZPP site selection and application process; (2) improve communication among the state agencies, local participants, and DHS offices; and (3) better define roles and responsibilities of the DHS offices managing the program.

(OIG-07-59, July 2007, ISP)

http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_07-59_Jul07.pdf

*Program managers
have taken steps to
strengthen the BZPP
and have addressed
issues that inhibited
the program.*

A Review of Homeland Security Activities Along a Segment of the Michigan-Canadian Border

We reviewed DHS efforts to secure the Northern border between the cities of Detroit and Port Huron against threats targeted at, through, and between five specific ports of entry. We also assessed DHS interactions with its international, federal, state, local, and private sector partners who also claim some jurisdictional responsibility for border security operations. We identified concerns regarding the integration and dissemination of intelligence, the protection of critical infrastructure/key resources, local targeting capabilities, the extent of local performance measures, and the need for additional technological resources.

We recommended that DHS: (1) increase its local intelligence presence; (2) better coordinate the funding of protective measures for critical infrastructure/key resources; (3) introduce additional standard operating procedures at the ports of entry; and (4) deploy additional technological resources along the border. DHS is already taking steps toward remedying some of these issues in response to concerns that were raised during the course of our review.

(OIG-07-68, August 2007, ISP)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_07-68_Aug07.pdf

OTHER OFFICE OF INSPECTOR GENERAL ACTIVITIES



PRESIDENT'S COUNCIL ON INTEGRITY AND EFFICIENCY (PCIE)/EXECUTIVE COUNCIL ON INTEGRITY AND EFFICIENCY (ECIE) AWARD CEREMONY

The PCIE and ECIE were established to address integrity, economy, and effectiveness issues that transcend individual government agencies and increase the professionalism and effectiveness of IG personnel throughout the government. The PCIE is comprised of the presidentially-appointed IGs and the ECIE is comprised of the agency head-appointed IGs. Annually, the PCIE/ECIE hold an awards ceremony to recognize outstanding accomplishments within the OIG community.

This year, the PCIE/ECIE award process was more stringent than in previous years. The Vice Chair of the PCIE specifically requested a reduction in the overall number of awards to "ensure that receiving awards, particularly awards for excellence in the categories of audit and investigations, recognize truly exceptional accomplishments." Of our many nominees, the following candidates received awards:

- Audit – Group Award for Excellence: TSA Continuity of Operations Plan and Program Audit Team (Timothy J. Crowe; Christine Haynes; Patrick O'Malley; and Mark Phillips)

- Audit – Group Award for Excellence: National Security Cutter (WMSL 750) Team (Gary Alvino; Robert Greene; Richard T. Johnson; Andrea Rambow; and Andrew Smith)
- Audit – Group Award for Excellence: Agriculture Inspection Review Team (Theresa Bulla; Sharleda A. Davis; Stephanie Falls-Warr; Larry Fugate; Cheryl Hawkins; Aldon K. Hedman; Steven Lureau; Bradley P. Mosher; John Pepper; and Mark Schaper)
- DAO – Group Award for Excellence: Disaster Recovery Working Group, Information Sharing Subgroup (Norman Brown and representatives from various other departments and agencies within the PCIE/ECIE community)
- Inspections – Group Award for Excellence: DHS' Role in Food Defense and Critical Infrastructure Protection (Justin Brown; Levar Cole; and Darin Wipperman)
- Investigations – Group Award for Excellence: "Operation Famish" (Dagoberto Aldrete; David Green; Stacey Hephner; Keith Kilroy; Stuart Maneth; Ronald Moore; Hector Villarreal; and John Warren)

We are pleased and honored that these employees were recognized for their significant accomplishments.



Inspector General (center) with DHS OIG 2007 PCIE/ECIE Award Winners.

OVERSIGHT OF NON-DEPARTMENTAL AUDITS

We processed 70 contract audits conducted by the DCAA during the current reporting period. Of the DCAA reports processed, two reports contained \$14,761,816 in questioned costs, of which \$9,139,616 were unsupported, and four reports contained \$26,251,706 in funds put to better use. We continue to monitor the actions taken to implement the recommendations in the reports.

We also processed 30 single audit reports issued by other independent public accountant organizations. The single audit reports questioned \$1,830,209, of which \$1,571,591 was determined to be unsupported. The reports were conducted according to the *Single Audit Act of 1996*, as amended by PL 104-136. We continue to monitor the actions taken to implement the recommendations in the reports.

SIGNIFICANT REPORTS UNRESOLVED OVER 6 MONTHS

Timely resolution of outstanding audit recommendations continues to be a priority of both our office and the department. As of this report date, we are responsible for monitoring 220 reports that contain recommendations that have been unresolved for more than 6 months. Management decisions have not been made for significant reports, as follows:

123	FEMA-related financial assistance disaster audit reports
38	Program management reports
25	Single Audit Act reports
22	Gulf Coast recovery audit reports
5	Inspection reports
4	Defense Contract Audit Agency reports
3	Legacy agency audit reports other than FEMA
220	Total

LEGISLATIVE AND REGULATORY REVIEW



Section 4 (a) of the *Inspector General Act of 1978* as amended requires the IG to review existing and proposed legislation and regulations relating to DHS programs and operations and to make recommendations concerning their potential impact. Our comments and recommendations focus on the impact of the proposed legislation and regulations on economy and efficiency in administering DHS programs and operations or on the prevention and detection of fraud and abuse in DHS programs and operations. We also participate on the President's Council on Integrity and Efficiency, which provides a mechanism to comment on existing and proposed legislation and regulations that have a government-wide impact.

During this reporting period, we reviewed 17 legislative and regulatory proposals, draft DHS policy directives, and other items. Some of these items are highlighted below:

H.R. 928 "Improving Government Accountability Act." ***H.R. 928*** (also known as the Cooper Bill) would amend the *Inspector General Act of 1978* to enhance the independence of the Inspectors General. Among other matters, the bill would: (1) establish a renewable 7-year term of office for IGs; (2) specify grounds for their removal from office; (3) allow for direct submission of IG budget requests to the Office of Management and Budget (OMB) and to Congress; (4) establish the Inspectors General Council as an independent authority; and (5) consider each OIG to be a separate agency for certain purposes. We support H.R. 928. DHS and OMB oppose the bill.

Proposed Federal Acquisition Regulation Amendments For Contractor Ethics. We reviewed proposed amendments to the Federal Acquisition Regulation (FAR) that would strengthen contractors' internal controls over fraud and other unethical business conduct. For one amendment, we recommended clarifying provisions related to the display of fraud hotline posters. Specifically, we emphasized that authority for determining the need for, and contents of, fraud hotline posters rests with the agency IG, rather than other agency components. The FAR Council adopted this recommendation. For another amendment, we recommended that applicability of the provisions be expanded to include certain small businesses and suppliers of commercial items. The FAR Council did not adopt this recommendation.

Employment Eligibility Verification System. We reviewed a draft Federal Register notice announcing modifications to the Employment Eligibility Verification System (EEVS), which is maintained by USCIS. Employers use the EEVS to electronically check data for newly hired employees with records from the Social Security Administration and DHS. The draft notice announced adding a photo screening tool function that would allow an employer to compare the photograph on certain employee documentation to the photograph on record with the document's issuing agency. The notice did not address the vulnerability of images provided by the photo-screening tool to abuse and fraud. Therefore, we recommended including prohibitions for printing or replicating the photos from the photo screening tool and specific penalties for violating these provisions. USCIS agreed with our recommendation.

CONGRESSIONAL TESTIMONY AND BRIEFINGS



The office testified on eight occasions before the following congressional committees and subcommittees on a variety of issues during the reporting period:

- July 31, 2007 - Committee on Oversight and Government Reform, U.S. House of Representatives, Washington, DC, "FEMA Preparedness in 2007 and Beyond."
- July 18, 2007 - Subcommittee on Government Management, Organization, and Procurement Committee on Oversight and Government Reform, U.S. House of Representatives, "Federal Contracting: Do Poor Performers Keep Winning?"
- June 21, 2007 - Subcommittee on Economic Development, Public Buildings, and Emergency Management, Committee on Transportation and Infrastructure, U.S. House of Representatives, "The Responsibility of the Department of Homeland Security and Federal Protective Service to Ensure Contract Guards Protect Federal Employees and Workplaces."
- June 12, 2007 - Subcommittee on Coast Guard and Maritime Transportation, Committee on Transportation and Infrastructure, U.S. House of Representatives, "Deepwater: 120-Day Update."
- June 12, 2007 - Subcommittee on Oversight and Investigations, Committee on Financial Services, and Subcommittee on Management,

Investigations, and Oversight, Committee on Homeland Security, U.S. House of Representatives, "National Flood Insurance Program: Issues Exposed by the 2005 Hurricanes."

- May 17, 2007 - Subcommittee on Border, Maritime, and Global Counterterrorism and Subcommittee on Management, Investigations and Oversight, Committee on Homeland Security, U.S. House of Representatives, "Deepwater: Charting a Course for Safer Waters."
- May 1, 2007 - Committee on Homeland Security, U.S. House of Representatives, "The Direction and Viability of the Federal Protective Service."
- April 24, 2007 - AD HOC Subcommittee on Disaster Recovery, Committee on Homeland Security and Governmental Affairs, U.S. Senate, "Beyond Trailers Part 1: Creating a More Flexible, Efficient, and Cost-Effective Federal Disaster Housing Program."

The office continues to meet frequently with members of Congress and their staff on issues of interest.

The office continues to meet frequently with members of Congress and their staff on issues of interest including but not limited to Deepwater, the department's contracting and procurement processes, SBInet, OIG access to information from the department, grants oversight, and management issues facing the department.

Management reports and congressional testimonies are available on our Website at: www.dhs.gov/oig.

APPENDICES



Appendices

Appendix 1	Audit Reports With Questioned Costs
Appendix 1b	Audit Reports With Funds Put to Better Use
Appendix 2	Compliance – Resolution of Reports and Recommendations
Appendix 3	Management Reports Issued
Appendix 4	Financial Assistance Audit Reports Issued
Appendix 5	Schedule of Amounts Due and Recovered
Appendix 6	Acronyms
Appendix 7	OIG Headquarters/Field Office Contacts and Locations
Appendix 8	Index to Reporting Requirements

Appendix 1

Audit Reports With Questioned Costs

Report Category	Number	Questioned Costs	Unsupported Costs
A. Reports pending management decision at the start of the reporting period ⁴	217	\$480,741,126	\$86,561,644
B. Reports issued/processed during the reporting period with questioned costs	20	\$32,442,362	\$12,156,191
Total Reports (A+B)	237	\$513,183,488	\$98,717,835
C. Reports for which a management decision was made during the reporting period ⁵	55	\$54,627,462	\$43,286,361
(1) Disallowed costs	19	\$4,621,557	\$2,921,387
(2) Accepted costs	41	\$50,005,905	\$40,364,974
D. Reports put into appeal status during period	0	\$0	\$0
E. Reports pending a management decision at the end of the reporting period	182	\$458,556,026	\$55,431,474
F. Reports for which no management decision was made within 6 months of issuance	162	\$426,113,664	\$43,275,283

Notes and Explanations:

Management Decision - Occurs when DHS management informs us of its intended action in response to a recommendation, and we determine that the proposed action is acceptable.

Accepted Costs – Previously questioned costs accepted in a management decision as an allowable cost to a government program. Before acceptance, we must agree with the basis for the management decision.

In Category C, lines (1) and (2) do not always equal the total on line C because resolution may result in values different from the original recommendations.

Questioned Costs – Auditors commonly question costs arising from an alleged violation of a provision of a law, regulation, grant, cooperative agreement, or contract. A “questioned” cost is a finding in which, at the time of the audit, is not supported by adequate documentation or is unreasonable or unallowable. A funding agency is responsible for making management decisions on questioned costs, including an evaluation of the findings and recommendations in an audit report. A management decision against the auditee would transform a questioned cost into a disallowed cost.

Unsupported Costs – Costs that are not supported by adequate documentation.

⁴ Due to a reorganization of Office of Audits and the Office of Disaster Assistance Oversight, adjustments were made to beginning balances.

⁵ Report totals in Section C may not always equal the total in lines C (1) and C (2) because some reports contain both allowed and disallowed costs. In addition, resolution may result in values different from the original recommendations.

Appendix 1b

Audit Reports With Funds Put to Better Use

Report Category	Number	Amount
A. Reports pending management decision at the start of the reporting period ⁶	12	\$69,475,864
B. Reports issued during the reporting period	4	\$26,251,706
Total Reports (A+B)	16	\$95,727,570
C. Reports for which a management decision was made during the reporting period.	7	\$26,752,184
(1) Value of recommendations agreed to by management	7	\$26,752,184
(2) Value of recommendations not agreed to by management	0	\$0
D. Reports put into the appeal status during the reporting period	0	\$0
E. Reports pending a management decision at the end of the reporting period.	9	\$68,975,386
F. Reports for which no management decision was made within 6 months of issuance ports for which no management decision was made within six months of issuance	5	\$42,723,680

Notes and Explanations:

In category C, lines (1) and (2) do not always equal the total on line C since resolution may result in values greater than the original recommendations.

Funds Put to Better Use – Audits can identify ways to improve the efficiency, effectiveness, and

economy of programs, resulting in costs savings over the life of the program. Unlike questioned costs, the auditor recommends methods for making the most efficient use of federal dollars, such as reducing outlays, deobligating funds, or avoiding unnecessary expenditures.

⁶ Due to a reorganization of Office of Audits and the Office of Disaster Assistance Oversight, adjustments were made to beginning balances.

Appendix 2⁷**Compliance – Resolution of Reports and Recommendations**

MANAGEMENT DECISION IS PENDING	
3/31/07	
Reports open over 6 months	90
Recommendations open over 6 months	488
9/30/07	
Reports open over 6 months	220
Recommendations open over 6 months	801
CURRENT INVENTORY	
Open reports at the beginning of the period	465
Reports issued this period ⁸	149
Reports closed this period	162
Open reports at the end of the period	452
ACTIVE RECOMMENDATIONS	
Open recommendations at the beginning of the period	2,077
Recommendations issued this period	423
Recommendations closed this period	596
Open recommendations at the end of the period	1,904

⁷ Due to a reorganization of Office of Audits and the Office of Disaster Assistance Oversight, adjustments were made to beginning balances.

⁸ Includes 43 management audit reports, 6 hurricane-recovery and disaster-related reports, 70 Defense Contract Audit Agency reports processed, and 30 single audit reports processed

Appendix 3

Management Reports Issued

Program Office/Report Subject		Report Number	Report Date
1.	Contract Costs - Emergency Disaster Services	DA-07-13	8/07
2.	Department of Homeland Security Executive Transportation and Shuttle Bus Services Contract Review	OIG-07-37	3/07*
3.	DHS' Progress in Addressing Coordination Challenges Between Customs and Border Protection and Immigration and Customs Enforcement	OIG-07-38	4/07
4.	Federal Emergency Management Agency's Alternative Housing Pilot Program	OIG-07-39	4/07
5.	CBP and ICE Responses to Recent Incidents of Chinese Human Smuggling in Maritime Cargo Containers (Redacted)	OIG-07-40	4/07
6.	Sales of Federal Emergency Management Agency Travel Trailers and Mobile Homes	OIG-07-41	5/07
7.	State Homeland Security Grants Awarded to the American Samoa Government	OIG-07-42	5/07
8.	Additional Physical, System, and Management Controls Can Enhance Security at Plum Island (Redacted)	OIG-07-43	5/07
9.	Technical Security Evaluation of DHS Activities at Ronald Reagan Washington National Airport	OIG-07-44	5/07
10.	Transportation Security Administration's Management of its Federal Employees' Compensation Act Program	OIG-07-45	5/07
11.	Independent Auditors' Report on FLETC's FY 2006 Consolidated Balance Sheet	OIG-07-46	5/07
12.	Congressional Inquiry Regarding Southwest Charter Lines, Inc.	OIG-07-47	5/07
13.	Challenges Remain in Securing the Nation's Cyber Infrastructure	OIG-07-48	6/07
14.	Survey of DHS Intelligence Collection and Dissemination	OIG-07-49	6/07
15.	Improved Administration Can Enhance Federal Emergency Management Agency Laptop Computer Security (Redacted)	OIG-07-50	6/07
16.	Federal Emergency Management Agency Volunteer Service Program Following Hurricane Katrina	OIG-07-51	6/07
17.	Federal Assistance Provided to Allen County, Indiana, Individuals and Households After Flooding in 2003	OIG-07-52	6/07
18.	Information Technology Management Letter for the FY 2006 DHS Financial Statement Audit (Redacted)	OIG-07-53	8/07
19.	ACE Release 4 Post-Deployment Problems	OIG-07-54	6/07
20.	Coordination Between FBI and ICE on Investigations of Terrorist Financing	OIG-07-55	7/07

* Note: This report was issued at the end of March 2007, but subsequent to the previous SAR's publication.

Appendix 3

Management Reports Issued (continued)

	Program Office/Report Subject	Report Number	Report Date
21.	ADVISE Could Support Intelligence Analysis More Effectively	OIG-07-56	7/07
22.	Transportation Security Administration's Oversight of Passenger Aircraft Cargo Security Faces Significant Challenges (Redacted)	OIG-07-57	7/07
23.	The State of New Jersey's Management of State Homeland Security Grants Awarded During Fiscal Years 2002 Through 2004	OIG-07-58	7/07
24.	Buffer Zone Protection Program	OIG-07-59	7/07
25.	Improvements to Information Sharing Are Needed to Facilitate Law Enforcement Efforts During Disasters	OIG-07-60	7/07
26.	Better Management Needed for the National Bio-surveillance Integration System Program	OIG-07-61	7/07
27.	Interim Report: Hurricane Katrina: A Review of Wind Versus Flood Issues	OIG-07-62	7/07
28.	FEMA Guidance for Monitoring Debris Removal Operations for Hurricane Katrina	OIG-07-63	8/07
29.	Implementation of Aviation Security Requirements at Foreign Airports	OIG-07-64	8/07
30.	Exchanging Contract Information With U.S. Army Corps of Engineers	OIG-07-65	8/07
31.	FEMA's Recommendation Tracking Process	OIG-07-66	8/07
32.	A Followup Review of the Transportation Security Officer Background Check Process	OIG-07-67	8/07
33.	Homeland Security Activities Along a Segment of the Michigan-Canadian Border	OIG-07-68	8/07
34.	Independent Review of U.S. Customs and Border Protection's Reporting of FY 2006 Drug Control Funds	OIG-07-69	8/07
35.	Independent Review of the U.S. Coast Guard's Reporting of FY 2006 Drug Control Funds	OIG-07-70	8/07
36.	Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of FY 2006 Drug Control Funds	OIG-07-71	8/07
37.	Targeting Oceangoing Cargo Containers 2007	OIG-07-72	8/07
38.	TSA's Management of Aviation Security Activities at the Jackson-Evers International Airport (Letter Report) (Congressional)	OIG-07-73	8/07
39.	Management Letter for the FY 2006 DHS Financial Statement Audit	OIG-07-74	9/07
40.	DHS' Information Security Program and Practices for Its Intelligence Systems for FY 07	OIG-07-75	9/07
41.	CBP Export Control Activities	OIG-07-76	9/07
42.	DHS' Information Security Program for Fiscal Year 2007	OIG-07-77	9/07
43.	Agreed-upon Procedures on DHS' 3rd Quarter Intragovernmental Activity and Balances	OIG-07-78	9/07

Appendix 4

Financial Assistance Audit Reports Issued

	Report Number	Date Issued	Auditee	Questioned Costs	Unsupported Costs	Funds Put to Better Use
1.	DA-07-11	6/07	Hurricanes Katrina and Wilma Activities, City of Miami, FL	\$3,817,991	\$0	\$0
2.	DA-07-12	7/07	Hurricane Wilma Activities, City of Pembroke Pines, FL	\$3,062,516	\$0	\$0
3.	DD-07-09	7/07	Jasper-Newton Electric Cooperative Inc.	\$11,825	\$0	\$0
4.	DD-07-10	8/07	Hurricane Katrina Debris Removal Activities, St. Tammany Parish, LA	\$0	\$0	\$0
5.	DD-07-11	8/07	Hurricane Katrina Debris Removal Activities, Washington Parish, LA	\$2,098,111	\$1,045,786	\$0
6.	DS-07-01	8/07	FEMA Public Assistance Grant Funding Awarded to State of Washington's Department of General Administration After the Nisqually Earthquake	\$4,899,578	\$0	\$0
			Subtotal, Disaster Audits	\$13,890,021	\$1,045,786	\$0
---	OIG-07-42	5/07	State Homeland Security Grants Awarded to the American Samoa Government	\$1,713,117	\$151,999	\$0
---	OIG-07-58	7/07	The State of New Jersey's Management of State Homeland Security Grants Awarded During FYs 2002 through 2004	\$247,199	\$247,199	\$0
			Subtotal, Management Reports With Questioned Costs⁹	\$1,960,316	\$399,198	\$0
7.	OIG-C-71-07	5/07	GE Homeland Protection: Report on Revised Firm-Fixed Price Proposal for CTX 9400 Explosive Detection Systems	\$0	\$0	\$8,251,933
8.	OIG-C-72-07	5/07	Fluor Federal Services: Review of FEMA IA-TAC Fixed Price Cost Proposal	\$0	\$0	\$398,384
9.	OIG-C-76-07	5/07	Power Contracting: Report on Audit of Parts of a Proposal	\$0	\$0	\$17,576,932
10.	OIG-C-83-07	6/07	Baggage Screen Proposal Reduction (JHAB)	\$0	\$0	\$24,457

⁹ OIG-07-42 and OIG-07-58 are listed in Appendix 3 – Management Reports Issued, because they are management reports. They are included in Appendix 4 because they disclose questioned and unsupported costs.

Appendix 4

Financial Assistance Audit Reports Issued (continued)

	Report Number	Date Issued	Auditee	Questioned Costs	Unsupported Costs	Funds Put to Better Use
11.	OIG-C-87-07	6/07	Allocation of CY 05 LM MS2 Home Office Incurred Co	\$5,622,200	\$0	\$0
12.	OIG-C-96-07	7/07	Advanced Interactive Systems: Report on Audit of FY 03 Incurred Cost on Letter Subcontract NO. 0000002688	\$9,139,616	\$9,139,616	\$0
			Subtotal, DCAA Audits	\$14,761,816	\$9,139,616	\$26,251,706
13.	OIG-S-60-07	5/07	Government of DC 05	\$70,575	\$70,575	\$0
14.	OIG-S-61-07	5/07	State of Delaware 05	\$746,374	\$746,374	\$0
15.	OIG-S-63-07	5/07	State of Florida 05	\$110,187	\$0	\$0
16.	OIG-S-65-07	5/07	Government of Guam 05	\$138,431	\$0	\$0
17.	OIG-S-73-07	7/07	City of Austin, TX	\$217,937	\$217,937	\$0
18.	OIG-S-74-07	7/07	Hancock County, MS	\$460,000	\$460,000	\$0
19.	OIG-S-76-07	8/07	State of Minnesota 05	\$10,000	\$0	\$0
20.	OIG-S-77-07	9/07	State of Montana 05	\$317	\$317	\$0
21.	OIG-S-83-07	9/07	The Salvation Army, Western Territory, Cascade Division	\$1,482	\$1,482	\$0
22.	OIG-S-82-07	9/07	Department of Justice of the Commonwealth of Puerto Rico 05	\$58,643	\$58,643	\$0
23.	OIG-S-84-07	9/07	City of Key West, FL 05	\$16,263	\$16,263	\$0
			Subtotal, Single Audits	\$1,830,209	\$1,571,591	\$0
			GRAND TOTAL	\$32,442,362	\$12,156,191	\$26,251,706

Notes and Explanations:

The report narratives identify 100 percent of the dollar amount we questioned. However, Appendix 4 reflects the actual breakdown of what the grantee is expected to de-obligate or reimburse to the federal government.

Appendix 4 only lists Single Audit reports and DCAA reports that disclosed questioned costs or funds put to better use.

Report Number Acronyms:

DA Disaster Audit, Atlanta Office
 DD Disaster Audit, Dallas Office
 DS Disaster Audit, Oakland Office
 OIG Headquarters' management report disclosing questioned costs
 OIG-C Defense Contract Audit Agency report
 OIG-S Single Audit report

Appendix 5

Schedule of Amounts Due and Recovered

	Report Number	Date Issued	Auditee	Amount Due	Recovered Costs
1.	DD-07-01	10/06	University of Texas Health Science Center, Houston, TX FEMA Disaster No. DR-1379-TX	\$1,903,825	\$1,457,059
2.	DD-07-04	1/07	City of Houston, TX	\$2,737,128	\$2,500,302
3.	DD-07-09	7/07	Jasper-Newton Electric Cooperative, Inc.	\$11,825	\$11,825
4.	H-S-35-01	5/01	Government of the United States Virgin Islands 98	\$2,158,488	\$2,158,488
			Total	\$6,811,266	\$6,127,674

Report Number Acronyms:

DD Disaster Audit, Dallas Office
H-S Single Audit Report

Appendix 6

Acronyms

ACE	Automated Commercial Environment	FY	Fiscal Year
ADVISE	Analysis, Dissemination, Visualization, Insight, and Semantic Enhancement	GAO	Government Accountability Office
AO	Adjudications Officer	ICE	Immigration and Customs Enforcement
ASG	American Samoa Government	IG	Inspector General
BPA	Border Patrol Agent	INV	Office of Investigations
BZPP	Buffer Zone Protection Program	ISP	Office of Inspections
CBP	Customs and Border Protection	IT	Information Technology
CBPO	Customs and Border Protection Officer	JTTF	Joint Terrorism Task Force
CIO	Chief Information Officer	NBIS	National Bio-Surveillance Integration System
CSI	Container Security Initiative	NEMIS	National Emergency Management Information System
C-TPAT	Customs-Trade Partnership Against Terrorism	NFIP	National Flood Insurance Program
DACS	Deportable Alien control System	OA	Office of Audits
DAO	Office of Disaster Assistance Oversight	OAM	Office of Asset Management
DCAA	Defense Contract Audit Agency	OIG	Office of Inspector General
DHS	Department of Homeland Security	OIT	Office of Information Technology
DAO	Office of Disaster Assistance Oversight	OMB	Office of Management and Budget
DOJ	Department of Justice	ONDCP	Office of National Drug Control Policy
EEVS	Employment Eligibility Verification System	OPM	Office of Personnel Management
EMPG	Emergency Management Performance Grant	OPO	Office of Procurement Operations
FAR	Federal Acquisition Regulation	PW	Project Worksheet
FBI	Federal Bureau of Investigation	S&T	Science and Technology
FDNS	Office of Fraud Detection and National Security (within USCIS)	SBA	Small Business Administration
FECA	Federal Employees' Compensation Act	SBI	Secure Border Initiative
FEMA	Federal Emergency Management Agency	SBPA	Supervisory U.S. Border Patrol Agent
FFMIA	Federal Financial Management Improvement Act	SPO	Systems Program Office
FISMA	Federal Information Security Management Act	TSA	Transportation Security Administration
FLETC	Federal Law Enforcement Training Center	TSO	Transportation Security Officer
FPU	Fraud Prevention Unit	TS/SCI	Top Secret/Sensitive Compartmented Information
		USCG	United States Coast Guard
		USCIS	United States Citizenship and Immigration Services
		USDA	United States Department of Agriculture
		USSS	United States Secret Service
		WYO	Write Your Own

Appendix 7

OIG Headquarters/Field Office Contacts and Locations

Department of Homeland Security
Attn: Office of Inspector General
245 Murray Drive, SW, Bldg 410
Washington, D.C. 20528

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Fax Number	(202) 254-4285
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James L. Taylor	Principal Deputy Inspector General
Matt Jadacki	Deputy Inspector General/Office of Emergency Management Oversight
Richard N. Reback	Counsel to the Inspector General
vacant	Assistant Inspector General/Audits
John Laferty	Acting Assistant Inspector General/Investigations
Carlton I. Mann	Assistant Inspector General/Inspections
Frank Deffer	Assistant Inspector General/Information Technology
Edward F. Cincinnati	Assistant Inspector General/Administration
Tamara Faulkner	Congressional Liaison and Media Affairs
Denise S. Johnson	Executive Assistant to the Inspector General

Appendix 7

OIG Headquarters/Field Office Contacts and Locations

Locations of Audit Field Offices

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(713) 706-4611 / Fax (713) 706-4625

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Miramar, FL 33027
(954) 538-7842 / Fax (954) 602-1033

Philadelphia, PA

Marlton, NJ 08053-1521
(856) 596-3810 / Fax (856) 810-3412

Locations of Disaster Assistance Oversight Field Offices

Atlanta, GA

Atlanta, GA 30309
(404) 832-6701/ Fax (404) 832-6645

Biloxi, MS

Biloxi, MS 39531
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(228) 385-1277 (Investigations)

Dallas, TX

Denton, TX 76208
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New Orleans, LA 70114
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(928) 314-9640 / Fax: (928) 314-9640

Appendix 8

Index to Reporting Requirements

The specific reporting requirements described in the *Inspector General Act of 1978*, as amended, are listed below with a reference to the SAR pages on which they are addressed.

Requirement:	Pages
Review of Legislation and Regulations	35-36
Significant Problems, Abuses, and Deficiencies	10-31
Recommendations with Significant Problems	10-31
Prior Recommendations Not Yet Implemented	43
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- Call our Hotline at 1-800-323-8603;
- Fax the complaint directly to us at (202) 254-4292;
- Email us at DHSOIGHOTLINE@dhs.gov; or
- Write to us at:
DHS Office of Inspector General/MAIL STOP 2600, Attention:
Office of Investigations - Hotline, 245 Murray Drive,
SW, Building 410, Washington, DC 20528.

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